

CURRENT HISTORY

A MONTHLY MAGAZINE

VOLUME XLI

October, 1934—March, 1935
With Index



Copyright, 1935, by The New York Times Company
Times Square, New York City

PUBLISHED BY
THE NEW YORK TIMES COMPANY
NEW YORK, N. Y.
1935



Current HISTORY



October, 1934

Price 25 Cents

BUSINESS ON THE DOLE

By H. Parker Willis

THE COMING STRUGGLE FOR SEA POWER

By Hector C. Bywater

ROOSEVELT AND THE SPOILSMEN Harold Brayman
RUSSIA BOWS TO HUMAN NATURE . . . William Henry Chamberlin
KAGANOVICH: CHIEF AIDE TO STALIN Louis Fischer
THE FABIAN WAY Harold J. Laski
APRA'S APPEAL TO LATIN AMERICA Earle K. James
WARFARE IN RED CHINA Stuart Lillico
DIMMED HOPES IN NEW ZEALAND Marc T. Greene
DULL NIGHTS IN THE GERMAN THEATRE . Thomas H. Dickinson

AND

A MONTH'S WORLD HISTORY

THE NEW YORK TIMES COMPANY

**GOOD SERVICE
THROUGH
TRYING YEARS**

THROUGH recent trying years there has been no letting down in the quality of your Bell telephone service. On the contrary, improvement has gone steadily on.

On long distance and toll calls, the percentage of calls completed is now higher than ever before. The average time required for making these connections has been reduced from 2.8 minutes in 1929 to 1.5 minutes. Since 1929, mistakes by operators have been reduced one-third and more than 99% of all telephone calls are now handled without error. Service complaints are now the fewest on record and reports of trouble with instruments have decreased 17% since 1929.

The ability of the telephone system to improve its service in difficult years is due to unified management and a plan of operation developed and perfected over the past half-century. In good times and bad, it has proved the wisdom of one policy, one system and universal service.



BELL TELEPHONE SYSTEM



CURRENT HISTORY

OCTOBER 1934

Business on the Dole

By H. PARKER WILLIS*

A GREAT deal has been said within recent months of the danger of what has been termed "revolution" in the United States. Such a prospect has been used as a threat by politicians and has at the same time been held out as a hope by "advanced" radicals. The truth is that the nation has already passed through revolutionary changes during the years 1933-34.

It is rather the question whether these changes have run their course, or are likely to be reversed, that is most open to discussion—not the probability of what is an accomplished fact. A reasonable opinion about the future trend of our affairs depends a good deal upon the forming of a clear-cut impression of what has

actually been and is being done. Financial discussion is traditionally distasteful to the average man. Yet there is no field in which the events and implications of the past year are clearer or more definitely demonstrable than in finance and none in which it is more urgent that the average man should inform himself regarding prospects and probabilities, since future economic developments are likely to be the direct outgrowth of what has already taken place in the financial and banking field.

Indeed, we are now reaching a point at which there must be a definite decision on the part of the community concerning its future financial policy. Without such a decision it cannot be free to make its conclusions felt or effective in other fields, such as those of general industry, and still more, of social reform.

What is it that has happened to the financial structure of the United States during the past eighteen months? It has been radically transformed from

*Dr. Willis, now for many years Professor of Banking in Columbia University, was expert to the House Banking and Currency Committee during the drafting of the Federal Reserve Act and has held important official positions as economist and financial adviser both in America and abroad. He is co-author of *The Banking Situation, American Post-War Problems and Developments*.

a structure which depended fundamentally upon individual initiative and business success for its coherence to a structure in which the binding force is furnished by motives of charitable relief, desire to insure the payment of specified rates of wages and attempts at the "pegging" of existing values.

A financial structure is, to change the metaphor, what the biologists call an organism. Our financial system did not come into existence as a result of a deliberate design, but was the outgrowth of actual need and adaptation to environment. Our banks were developed as institutions for the conservation of funds and the furnishing of credit. Our investment banking system took its place as a means of encouraging the saving and provision of long-term capital by those who had surplus incomes. Our Federal Land Banks and our other mortgage institutions, both urban and rural, were gradually worked out as a means of providing a specified kind of credit in given fields where known demands existed. Building and loan associations, local credit unions and other types of organization, among them savings banks and trust companies, grew up as means of bringing together supplies of and demands for certain kinds of service and accommodation.

In all these institutions the motive of those who patronized them was that of making a legitimate profit. "A" put his money into a savings bank, and in return he expected to be able to draw it when needed and to receive compound interest when the principal was not needed. "B" kept a checking account in his bank because it afforded him a convenient means of making payment and a source of funds in case he had to borrow. "C" applied to a trust company or to a mortgage loan concern for

funds with which to build, or, in case of necessity, he offered an existing building to protect his borrowing. None would have borrowed unless that had seemed to be the most expedient—the most profitable—thing for him to do. The banker was in business because his stockholders desired to earn a legitimate profit on their funds invested in bank stocks. Profits, that is to say, self-support, was their controlling principle—the giving of a fair return for goods or service.

When the panic and subsequent depression of 1929 and the following years made their appearance, their fundamental phenomenon was a change of values. "X," who had been in the habit of borrowing freely with bonds as collateral, found it impossible to get loans, while banks which had lent to him or to others in the same position, before the breakdown, and now were obliged to "realize," experienced difficulty in disposing of the bonds which the borrowers had put up as collateral. "Y," who had mortgaged his house and had then rented it in order to get enough income to pay his interest, now lost his tenant or had to reduce the rate of rental, hence became irregular in his payments, or defaulted. The outcome was a failure of the financial organism to perform its accustomed functions.

The method which in years past has been adopted for correcting situations of this kind, whether local or national, general or limited, has been that of readjusting actual values. Goods which could not be sold at a given price per unit have been cut to a figure that would sell them. Property that could not pay the interest on its mortgage has changed hands, passing into the possession of those who could "carry it" at a lower value. Bonds whose issuers could not pay

their interest have had to pass through a process of reorganization which lessened the burden to a point at which the bond-issuer could with good management expect to obtain enough income to pay his charges. The result has been a readjustment of values which enabled the financial organism to resume its performance of the old function upon a new and practical basis of relationship between borrower and lender, producer and consumer.

During the past year or two we have changed the principles underlying all this older structure of finance. Because the people at large were not willing to go through the unquestionable suffering involved in a readjustment of values such as has been indicated, a different way has been sought and attempted. We began under the administration of President Hoover an experiment in general financial "relief," represented by what was called the Reconstruction Finance Corporation. This corporation was an institution whose mission it was to lend to hard-pressed banks and to certain classes of business enterprises, notably, as it turned out, railways and insurance corporations, the sums that were necessary to meet their current obligations.

The RFC obtained the funds with which to carry out this work from the Treasury Department, while the Treasury (which already had a deficit in its own operations) obtained the necessary money by selling its bonds or notes to any one who would buy them—largely to the banks. With the funds thus acquired, the hard-pressed railroads, banks, insurance companies and others paid off their creditors, in full or in part, as circumstances required. They now owed the government, which owed the community. As time went on the functions of the

RFC were greatly broadened, and it now makes loans to many kinds of industry, owns and controls banks and businesses of every kind and supersedes the investor.

It is clear that in thus installing a great government lending institution our Federal administrations (those of President Hoover and President Roosevelt) took over the work of important and essential elements in the financial organism. They thus, to change the metaphor again, profoundly altered the financial structure of the nation. Political figures of light and leading have frequently told us that the step was taken because the banks had "broken down." The government, such apologists assert, stepped in to function because the banks would not.

This is putting the cart before the horse. The government stepped in because a large element of the people, expressing themselves through political leaders, were not willing to have their financial organism function as it had in the past and as it was organized and developed to function. Bondholders were insistent upon receiving interest upon their bonds; depositors upon receiving their deposits and the interest thereon; bankers were not willing to go into bankruptcy and to turn over their mismanaged institutions to more competent hands; railroads were in the same position. Political pressure brought about the substitution of an effort to "peg" or maintain values for the older effort to readjust them and to resume business upon a new basis of self-support.

There was an element in this transaction of an importance much greater than the mere change of form which it involved. The RFC was specifically ordered, by those who planned its constituent act, not to guide itself by possibilities of income or profit in

making its advances. It was to consider, rather, the general welfare and the maintenance of existing institutions. It was an effort to free mismanaged businesses from what had been the traditional penalty of business mismanagement. Its motive was now no longer that of judging borrowers by their ability to repay. Instead, it was to judge them by their ability to afford employment to labor, or to keep in charge those same men who had developed—often exploited—the various lending institutions, and had brought the latter into difficulty. It tacitly, as our present administration has expressly, repudiated the “profit motive” in industrial control.

So striking a change in point of view, so revolutionary an alteration in technique, manifesting itself suddenly and without warning—to all appearance—is itself a social phenomenon of the first importance. Most persons are at a loss to explain how it is that the new Federal Administration has, in the words of a universally respected Democrat, “violated every platform pledge it ever made,” turning to what it itself has called untried methods, most of them presumably opposed to the whole spirit of American life and philosophy.

The answer is to be found by studying the development of American business conceptions during the past generation. One of its most profound preoccupations has been favor for the small farmer, the small banker, the small town or village, regardless of efficiency. A second has been its ultimate faith in speculation—its belief that depression is necessarily temporary only and “bound” to be succeeded by profit and price advance. Dependence upon the government for aid—crop loans, public guarantees of farm bonds, needless public buildings, subvention to the idle and other provi-

sions for the sustaining of individuals and institutions upon a non-competitive basis of favoritism—has been the staple of American politics under every recent administration—the price paid for votes by all parties in contested elections.

The New Deal is—politically speaking—in fact the old deal writ large. President Hoover it was who pushed forward the RFC, who in his Farm Board legislation afforded the precedent for much that the Agricultural Adjustment Administration has done, who urged the curious—and impossible—notion, then widely current, of an unemployment relief fund to be accumulated in prosperous times, invested in bonds, and sold in depressed times in order to furnish employment on public works. And President Hoover was able to carry his program forward because an influential public wanted it to be applied.

The present Federal Administration when it entered office was beset by business men of high standing who asked for “inflation” and compared it to a transfusion of new blood designed to strengthen and invigorate an exhausted patient. “Economists” denounced the “capitalistic” order of business, and demanded “diffusion of purchasing power.” Some of them called for large issues of bonds whose proceeds might be spent in almost any fashion, so only the “purchasing power” they represented might be distributed among those who would use it. “Socialization” of banking was demanded—and still is for that matter—by persons who had supposedly made a study of banking.

We may praise or blame, according to our predisposition, the ready acquiescence of our government in proposals to transform our whole financial and economic system along the lines just sketched, but we cannot

doubt that in so doing it responded to a national impetus, which it unquestionably ought to have resisted, but to which it was "good politics" to yield.

In thus yielding, did our governmental leaders recognize the fact that what they were proposing involved a complete transformation of the entire basis upon which our business structure had been erected—a complete reversal of the biological conditions under which our financial organism had existed? There is some reason for supposing that they did not. Not only was nearly every radical measure of the long list recommended to Congress during the first six months of 1933 for temporary relief—usually limited to a year's life and never more than two years—but the President himself spoke of some of the more extreme plans as leading us into new and untried paths and expressly, even if indirectly, promised abandonment of these experiments if, after a brief trial, they should fail to "work." They are now urged by many men of all parties as great social reforms, of course permanent in character, and representing underlying principles of human action.

But the record of 1930-34 remains—the measure of the actual acknowledgment of a change in the underlying philosophy of American economic life. It is a change that could not have been effected without a long preceding period of distorted thinking—of apology for self-contradictory measures on the part of economists and business men.

There is no evidence that those who were the original instigators of much that has been done were more than dimly aware of the implications of what they were doing. It is probable that President Hoover and Eugene Meyer, then head of the Federal Re-

serve Board, when they urged the creation of the RFC, thought of it as a sort of financial cocktail, something that would act as a momentary "pick-up" to a jaded business community. This merely showed that they had failed to estimate the real character of a measure likely to shift the whole basis of borrowing and lending.

The first important effect of the work of the RFC was inevitably to arouse profound jealousy on the part of other elements in the community that were not thus taken care of. A second effect of it was, more or less, to necessitate an extension of the stimulating influence of government support into fields which had hitherto been free from it. The farmer called for relief from his mortgages. The Agricultural Adjustment Administration, the several provisions for recapitalizing farm loan banks and guaranteeing farm loan bonds and, finally, the Frazier-Lemke bill for a five-year partial farm-mortgage moratorium furnished the answer.

But the farmer was not alone in asking for his share of assistance. Banks which were heavily burdened with farm mortgages had made it clear to the RFC that assistance to the farmer would enable them to refrain from further applications for loans to be made them by the RFC. Thus a vicious circle of government aid was established. The same idea naturally developed itself before long in connection with urban mortgages; the Home Owners Loan Corporation was the result. It partially superseded, partially supplemented, existing agencies of mortgage lending, "pegging" some of them by relieving them of their worst mortgages, but at the same time taking away a good deal of their business for the future.

"When I saw that every one held out a hand, I held out my hat," said

a French nobleman of the old régime. The same philosophy has been quick to develop itself in the United States. The Federal Depositors Insurance Corporation is the response of a politically sensitive government to the claim of bank depositors for protection against losses due to the fact that their funds had been kept in institutions many of which were long known to the authorities to be unsound, with overvalued assets and erroneous statements, only maintained in existence by means of government loans and stock purchases. Export trade has naturally suffered from the obstacles thrown in its path by all governments, aggravated by the 40 per cent (or more) advance in our tariff effected by the present administration through its monetary policy. The politicians have promptly responded by organizing two export banks, with the promise of others when and as needed.

Meanwhile, the old banks, or what there is left of them, recognizing the artificiality of the values which have been maintained with government money, have naturally been reluctant to lend to businesses which could not show prospects of adequate income and power to "liquidate." A measure authorizing Federal Reserve Banks to make direct industrial loans to enterprises which have been unsuccessful and cannot obtain loans elsewhere has been one consequence (June, 1934). We might go on to trace the effect of this invasion of new motives and new methods into our financial system through its many other ramifications did space permit. We have transferred central banking powers to the Treasury and now we contemplate a political central bank owned and operated at Washington. Enough to say that we have substituted for a system of lending and financing based upon ability to maintain independence and self-sup-

port, a system based in every branch of its being upon the furnishing of proof of inability to be self-supporting. The change has been defended even by some who admit its character on the ground that it prevented needless or extreme suffering, kept our existing organism of finance and business alive and thus maintained a basis for real and rapid recovery. Has it done so?

There can be no doubt that the operations of the numerous government recovery institutions, loan corporations, bond guarantees, treasury underwritings, subventions and subsidies of the past two years have prevented many persons and institutions from going at once to the wall. That is what the measures were meant to do. But whether such success as has been had in this direction has been ultimately beneficial to the community or to any one in it may be gravely doubted.

We have less than half as many banks as we had ten years ago, and about 16-18 per cent less than we had at the beginning of 1933. We have not had many railroad receiverships, but our railroads, under the influence of the various exactions of the Federal Government in the way of pensions, exorbitant wages and heavy taxation, are still unable to meet their fixed charges and are likely to continue in that condition so long as present Federal policies prevail. Farm credit and urban mortgage credit are practically extinct so far as any reason for expecting advances of private funds in the future is concerned, and are not likely to recover their older status for many years.

The idea of self-support in business has received a very serious shock. "Recovery" in the real sense of the term is about as far off as it ever was. Unemployment, estimated by the American Federation of Labor at over

10,000,000 persons, and by the United States Chamber of Commerce at perhaps three-quarters of that figure, is about as menacing as ever, if we eliminate from account those who are employed on artificial government work. The various estimates of savings and income of the community seem to show conclusively that our present expenditures in relief, unproductive public works and other drafts upon national income are probably reducing our actual capital supply, or, in other words, that we have as a nation no net savings whatever.

This merely signifies that there is no way of "making a silk purse out of a sow's ear." Unsound or depreciated bank assets may be "carried" for a long time with government funds, but eventually they are worth only what they will bring. Sound and safe banks may be compelled to guarantee the assets of weak or dishonest institutions. Railroads that never have earned a dollar, and never can do so, or that are overwhelmed by national, State and local taxes, may be kept from bankruptcy when the government guarantees their bonds. That is merely another way of saying that the community can, if it so desires, carry on businesses and enterprises that do not return an income and never can, but that when it applies its resources in this way, it works for nothing, or even, as already intimated, pays, through reduction of its own capital or principal, for the privilege of operating enterprises that should give place to others.

The community may put labor back on the same income it enjoyed in 1929, as labor organizations insist it shall, but it cannot do so without reducing its capital investment, unless labor be willing and able to produce more wealth than it consumes. The community may relieve the farmer of his

indebtedness, but it cannot thereby stimulate a willingness on the part of those who have saved a few hundred dollars to invest these savings in farm mortgages and thereby to permit improvement to take place in farm equipment or in farm fertility.

A system of lending based upon a preference to those who have been unsuccessful in making ends meet, whether through lack of ability, carelessness or sheer misfortune, is a system that maintains in existence and operation a set of unprofitable and unproductive business enterprises. The remedy is not to "peg" them, but to change the conditions that produced them. Such a system as we now foster reduces the wealth of the community and increases its liabilities.

The unwise and dangerous policies pursued by private capital during and after the World War established many hazardous, weak and non-self-sustaining businesses and placed many incapable, speculative and short-sighted men in executive control. The government's policy since the formation of the RFC in 1932 has kept this same group of institutions in existence and many of the same managers in charge of them. It has prevented the financial organism from sloughing off its dead or useless parts and has compelled it to continue to absorb into its system the poisons resulting from their retention.

All this, of course, is not necessarily a series of considerations which tend against "government ownership" or government assistance as such. It is a course of reasoning—a review of facts—which leads to conclusions adverse to any credit organization, public or private, based upon the motives and theories which have prevailed during the past year or two and upon public intervention itself unless it can alter these motives. It is entirely con-

ceivable that the community should go into business for itself and maintain sound, well-managed banking institutions, mortgage loan enterprises or foreign trade financing concerns. The question is not that of the agencies through which the work is done but is a problem of the motive and philosophy that are behind it. The United States has passed through a financial revolution not only of technique but of motive and philosophy. It is now reaping the results, and the urgent question before it is, What next?

We may readily concur with those economists of the "priming-the-pump" school, who urge, in hackneyed phrase, the impossibility of turning back the hands of the clock. By this they mean, we may suppose, that all economic progress is evolutionary and that, having passed through a financial revolution in the course of two years or so, we are not likely to pass through a counter-revolution which would put us back where we started. This contention may be fully admitted. When admitted, it makes all the more urgent the necessity of a careful self-examination for the purpose of finding out what is to be attempted by way of distinctly evolutionary procedure from this point on.

Admit (which the present writer does not concede in the least) that it will be necessary to continue a system of government management and subsidizing of all sorts of enterprises through the extension of credit, and that the great brood of organizations which the New Deal has brought into existence are destined to a long life, the question still remains, How shall they be conducted?

Shall they, in fact, be organized with the definite intention of promoting the establishment and successful operation only of self-supporting business enterprises, and shall they devote themselves to careful credit analysis, based upon the familiar canons of worth and liquidity which have been worked out in past years? If so, they will merely resume the application of what has been called "capitalism," animated by the "profit motive."

Or shall they continue as eleemosynary, semi-political institutions whose effort is to prefer borrowers who are unable to get funds elsewhere and incapable of making a profit by using them when obtained? If so, and in proportion as such institutions succeed in diverting the savings of the community into unprofitable production, we shall continue to witness unfair competition, indisposition on the part of the independent business man to borrow from his bank, coupled with an equal indisposition on the part of the bank to lend; a refusal to take risks of the natural business variety, and a growing inclination to apply for accommodation to the government rather than to seek capital in quarters where it must be paid for and where loans will be assigned in accordance with the ability of the borrower to make use of them successfully.

This is the choice which is now presented to the business community of the United States. It is a choice in whose making every business man is obliged to bear his part. It is a choice between the economic parasitism of the New Deal and the self-support of what is called the old.

The Coming Struggle for Sea Power

By HECTOR C. BYWATER*

SOME time next year the five leading maritime powers will again foregather to discuss the limitation of their respective naval armaments. Preliminary conversations between them have already begun, for it is recognized that unless the ground is prepared beforehand the forthcoming conference must inevitably fail. And failure would be serious. The whole question of world disarmament has reached a critical, perhaps a crucial stage, and upon the decisions taken in the next twelve months may depend not merely the continuation or end of the system of regulating combatant forces by negotiation but the maintenance of peace itself.

So far as the naval problem is concerned the conditions now obtaining are fundamentally different from those of 1921, when the Washington conference was held. Thirteen years ago the only three powers that counted at sea were the British Empire, the United States and Japan. The first possessed a fighting fleet of overwhelming strength, though part of it was obsolescent; the second and third were engaged in a neck-and-neck building race which, had it been run to finality, would have left them practically equal in modern battleship tonnage. But the pace was too hot to last. To the American taxpayer the naval race was becoming

irksome; to the Japanese taxpayer it was ruinous. It is not disrespectful to say that France and Italy hardly counted at that time, when the battleship was the only face card and the superdreadnought the only trump.

Passing over the abortive parley at Geneva in 1927, where, as we now know, the armament firms held statesmanship fast in a clove-hitch, we come to the London conference of 1930. It began as a five-power meeting, but at the critical moment France and Italy withdrew, and the treaty that eventually emerged was confined to the "big three." This was the first break-away from the cardinal principle that disarmament, to be effective, must be universal. The only reason why any sort of agreement was reached in 1930 was that Great Britain had a Socialist government which was anxious for party purposes to achieve a spectacular coup in the realm of high politics. To accomplish this they were prepared to go to almost any length in the making of concessions, and they did, in fact, give away British naval assets with both hands without receiving, or even demanding, a satisfactory quid pro quo.

By an overwhelming majority of Britons the London Naval Treaty is now condemned as an inexcusable blunder, the consequences of which cannot yet be measured. It is a mistake never likely to be repeated. At the next naval conference Great Britain may be trusted to drive a hard bargain in exchange for any reduction she may be invited to make.

*This, the first of a series of articles on the issues of next year's naval conference presenting the points of view of the different nations concerned, is by the well-known naval correspondent of the London *Daily Telegraph*.

The comparatively facile success of the Washington conference seems to have led many people on both sides of the Atlantic to assume that competition in naval armament had been permanently arrested. They did not pause to consider the quite exceptional circumstances in which it was held. So far as the European powers were concerned, war weariness and the threat of insolvency put them in the mood to accept any arrangement which promised to ease the burden of armaments without unduly jeopardizing their security; and even in America and Japan there was an incipient revolt against the lavish expenditure on battleships. It was, therefore, not a very difficult matter to draft a treaty for the limitation of these costly weapons. But at the first attempt to extend similar restrictions to smaller and cheaper fighting craft, including submarines, trouble was encountered. On this point no agreement could be reached, nor have negotiations during the subsequent years been successful.

Since the Washington conference political events have occurred in various parts of the world which have changed the whole aspect of naval disarmament. In 1922 the Fascist revolution reinstated Italy as a great power and incidentally gave a new turn to her naval policy. In the same year the first French post-war shipbuilding program was introduced, the precursor of the famous Naval Statute which has already restored the navy of France to its traditional plane of importance. In 1924 the British Parliament authorized five new cruisers to replace obsolete units. They were of the heavy class, armed with 8-inch guns, to which the Washington conference had given its benediction. Japan had already adopted this type and in 1924 had six such vessels on the stocks.

That year, too, witnessed the American-Japanese controversy on Asiatic immigration, which seriously disturbed the harmonious relations that were supposed to have been established at the Washington conference. It may have been a mere coincidence, but the fact is on record that this dispute was followed by an energetic development of Japanese naval armaments, over twenty new vessels being started in the ensuing twenty months.

Meanwhile, the rapid expansion of the French and Italian navies, coupled with Japanese activities, impelled Great Britain to embark upon a systematic rebuilding of her fleet. In 1925 Parliament voted a five-year program embracing sixteen 8-inch gun cruisers and many smaller craft. This project was never completed, eight of the cruisers being canceled at later dates as a disarmament "gesture." Today all parties in Britain except the Socialists and Radicals are definitely opposed to further reduction in the strength of the navy. The apathy which prevailed for more than ten years after the war has given place to a keen public interest in matters of defense. The preparations for celebrating "Navy Week" this year on a scale never previously attempted, the increase in this year's navy budget, the addition of 2,000 to the personnel of the fleet and the decision to build heavier cruisers capable of holding their own against the best foreign ships—all these are symptoms of a return to a strong and purposeful naval policy, solidly backed by public opinion. There are to be no more sentimental gestures involving sacrifices without compensation, no further experiments in unilateral disarmament.

To arrive at a clear understanding of the current naval situation it is necessary to review in some detail the problems and policy of each of the

five powers chiefly concerned. It will be convenient to begin with Great Britain. Her position is unique, for not only is she an island which depends on the sea for sustenance, but she is the head and heart of a vast commonwealth scattered over the globe, each member of which looks to her for protection and security. None of the oversea members of the commonwealth is capable of defending itself against serious aggression. An empire of this magnitude is necessarily vulnerable at many points, and while every war has its decisive theatre no war is conceivable in which Great Britain could safely concentrate the whole of her naval strength in one area. That is why the acceptance of a one-power standard of strength is bound to entail risk.

As for the functions of the British Navy, they have been tersely defined by the First Lord of the Admiralty in a recent speech. "Every day 110,000 tons of merchandise and 50,000 tons of food reach the shores of Great Britain from overseas. They come over 80,000 miles of sea routes, and unless we secure their safe arrival we starve. The protection of our sea routes, for the safe arrival of our merchandise and our food, is the business of the navy." The British people have not forgotten that in the Summer of 1917, when the German U-boat campaign was at its height, there remained in their country only six weeks' supply of food. No other country is so exposed to the threat of sudden starvation in war.

Leaving out the United States, there are at least four powers whose naval armaments must be a matter of vital concern to Great Britain. Japan is in a position to conquer her Far Eastern possessions, paralyze her trade in that zone, and menace Australia and even India. Were trouble to develop with Japan Britain would have to wage

a naval campaign 10,000 miles from her home bases. France, with three times as many submarines as Germany possessed in 1914, a score of high-speed cruisers, and numerous ports on the Channel, Atlantic and Mediterranean which it would be impossible to blockade, is in an ideal position to sever Britain's lines of communication and reduce her to famine. Italy, almost equally well equipped with submarines, cruisers and aircraft, would have no great difficulty in closing the Eastern Mediterranean to British shipping, an act that would cause freights to soar and speedily put Britain on short rations. Germany has a small but highly efficient navy, the rapid expansion of which is believed to be only a question of time. Even today her pocket battleships and cruisers, with a sea endurance of 15,000 to 20,000 miles, could play havoc on the trade routes, and it is for Britain a disconcerting fact that she has only three warships capable of dealing with the pocket battleship type. Nor is it any secret that Germany has planned the mass production of submarines when needed.

The naval policy of the United States is apt to bewilder the foreign observer. He is intelligent enough to realize that a great power, the wealthiest in the world, with an immense seaboard fronting two oceans and a foreign trade to the expansion of which there is no visible limit, must of necessity have a navy of the first class. Obviously, the dimensions of that navy must be determined by the United States alone, subject to such international agreements as it may see fit to endorse. Nothing, one imagines, could be more exasperating to the patriotic American than foreign attempt to suggest, if not dictate, the limits to which the United States Navy should be developed.

Nevertheless, it is true that the United States, if called upon to state its reasons for demanding a navy second to none, would have to appeal to academic rather than to concrete principles. Separated from Europe and Asia by the width of oceans, it is in no danger of direct attack on a serious scale, nor could it be blockaded in any literal sense of the word. The Philippines are a dangerous liability so long as they remain under the American flag, but after they become independent and the Asiatic Squadron is withdrawn, as now seems likely, the United States will have an invulnerable naval defense. Washington then might view the development of Japanese, French, Italian and even British sea power with Olympian calm and detachment, though considerations of prestige might still justify the maintenance of a United States fleet second to none.

This rather provocative statement is made deliberately. In the past the United States has exhibited a tendency to fashion its own yardstick of international naval armaments and to become annoyed when other parties look askance at the suggested system of rationing tonnage. It is advisable, therefore, to say quite frankly that a nation which is singularly free from the threat of attack is not necessarily the best judge of the defensive requirements of less-favored countries. The British Empire, Japan and Italy, and France in less degree, could one and all be subjugated and forced to surrender in months, if not weeks, by the pressure of superior sea power. In no imaginable circumstances could the American nation be brought to its knees by similar means.

Probably under the delusion that all naval competition had been ended by the Washington treaty, the United States for several years thereafter made no addition to its fleet. During

the same period, however, all the other treaty powers were steadily reinforcing their armaments at sea, Great Britain being the last to join in. Soon, therefore, the United States found its relative strength declining. There followed an outcry against the other powers for starting a new naval race, though in fact, by systematically restoring their depleted fleets, they were only obeying the instinct of self-preservation. Each was scrupulously observing the Washington treaty rules and none made any attempt to exceed its legal quota in the categories of restricted tonnage.

Eventually, of course, the United States also had to resume building. Six heavy cruisers were begun in 1928 and authority was obtained for a larger program in the event of further disarmament negotiations proving futile. Finally, in 1930, the London treaty established definite quotas for all classes of naval tonnage in the case of Britain, the United States and Japan, but as France and Italy stood aloof, this arrangement, it was clear, could only be temporary. In consequence, the new treaty was scheduled to expire at the end of 1936.

It was a strangely one-sided compact. While, for example, Britain bound herself not to complete more than 91,000 tons of new cruisers in the period covered by the treaty, no similar obligation was laid upon the United States or Japan. Here, then, is a typical example of the secret diplomacy practiced by the British Socialist leaders whose determination to score a party triumph blinded them to the higher claims of national security. As a sop to the Admiralty and to that section of the public which might protest against the uncompensated surrender of naval assets the "escalator" clause was inserted. This authorizes a signatory power to go beyond its tonnage

quota in the event of a neighboring State, not a party to the pact, becoming a potential menace by reason of excessive naval building. Actually this safeguard is illusory, since invocation of the clause in question would invite a dangerous crisis.

Suppose, for instance, that Great Britain, finding that both France and Italy had doubled their submarine fleets since the treaty—as indeed they have—resolved to build an additional 50,000 tons of anti-submarine craft by taking advantage of the escalator clause. As a first step she would have to notify her treaty partners, the United States and Japan, and justify her proposed action by indicting France and Italy as prospective enemies. It would be impossible to keep the ensuing correspondence between London, Washington and Tokyo a secret, and the effects of the disclosure on Britain's relations with her continental neighbors may readily be imagined. Eighteen months ago the British Premier told a peace deputation that if professional, that is, Admiralty, advice had been taken, the escalator clause would have been invoked in 1932. That this was not done is a tacit admission that as a safeguard the clause is worthless.

As I have remarked, American naval policy is somewhat puzzling to the foreigner. For several years the United States may not lay a single man-of-war keel; then there comes a strenuous publicity campaign to rouse country and Congress, and eventually a big program of new construction is put in hand. This completed, another prolonged period of inactivity ensues; the relative strength that had been gained is gradually lost and once more there is hurried building on a large scale to restore the balance. Such a policy inevitably creates a false impression abroad and it is open to any foreign

critic to point to one of these big programs—such as the NRA measure of 1933 and the Vinson bill of 1934—as evidence that the United States, while preaching the virtues of disarmament to others, is actually inaugurating a new naval race. Intelligent observers know this charge to be unfair, but for propaganda purposes the fact that the United States has authorized over 130 new fighting ships in twelve months can be exploited with telling effect.

About Japan's naval policy there is nothing obscure or ambiguous. Its object is so to consolidate her strategic position as to render armed foreign interference in Eastern Asia physically impossible. That goal is now in sight, if it has not already been attained. Japan keeps no warships in foreign waters, nor does she possess oversea bases other than the mandated South Sea Islands. Her whole naval force is concentrated in home waters, where, thanks to geography and a first-class fleet, her position is practically impregnable. Judging from experience, no argument however plausible, no gesture however persuasive, will move her to reduce her naval armament by a single ton or a single gun below the standard which she deems necessary. On the contrary, having obtained a 3-5 ratio of strength at Washington, subsequently increased to 3½-5 at London, she is now demanding "parity in principle" and, by all accounts, will be satisfied with nothing less.

For reasons not wholly apparent to the outer world Japan professes to regard the year 1935 with grave apprehension. In that year, it is true, the next naval conference is to be held, and almost simultaneously Japan's withdrawal from the League of Nations will become definitive. On the face of it, however, there is nothing to indicate that tragic consequences

will follow either event. Japan may, of course, anticipate a demand for the retrocession of the former German islands in the Pacific which she holds under the League's mandate and which are now considered to be important bastions in her rampart of defense. But if such a demand were raised it would probably be a mere formality to save the face of the League, since no one imagines that Japan would comply with it. As for the naval conference, a Japanese claim to parity would doubtless be resisted by Great Britain and the United States, but even so there would be ample scope for compromise. It is precisely because world naval policies are conflicting that these periodical armament talks are held, the object being to map out a multilateral policy acceptable to all and thus avoid, or at least modify, the frankly competitive shipbuilding which is a danger to peace.

If the reported intention of the United States to evacuate the Philippines and withdraw its naval forces to Hawaii is actually carried out, the principal cause of armament rivalry with Japan will disappear, for the two fleets would then be so far apart as to render battle contact all but impossible. Such a development would materially weaken the Japanese case for a still larger navy, since she would then be left in unchallenged command of the Western Pacific. As every student of strategy is well aware, Japan's mastery of her own waters is already absolute. Nevertheless, the presence of an American squadron at Manila is always a convenient pretext for Japanese big-navy propaganda.

Neither France nor Italy is expected to be an enthuastic participant in next year's conference. They know that one of its chief objects will be to limit the production of submarines

and light surface craft—the very types to which they are most partial. Both declined to accept any restriction on tonnage at the London parley, and there is nothing to indicate any change in their attitudes. Each power is creating a most formidable submarine fleet. France has 109 boats and Italy 65, the majority of which are of up-to-date design. These totals are sufficient to explain why Great Britain could not in any circumstances agree to an extension of the London treaty in its present form, escalator clause or no escalator clause.

In both France and Italy naval defense is receiving much more attention than formerly. The first is determined to be mistress of the Mediterranean, mainly because of her vital lines of communication with North Africa, her principal reservoir of military man-power. Further, the renaissance of the German navy is viewed with growing anxiety and has already prompted France to lay down two 26,500-ton battleships at a cost of more than \$30,000,000 apiece. It is typical of the close inter-relationship of naval armaments that this step by France, although directed against Germany, has impelled Italy also to order two battleships. Political conditions to-day are such that the laying of a man-of-war keel almost anywhere is apt to produce repercussions "from China to Peru."

As foreshadowed by official statements and unofficial clues, the programs of the various powers to be presented at next year's conference will approximate to the following summary:

THE BRITISH EMPIRE: Further reductions of naval armaments must be absolutely conditional on the agreement of all powers concerned, not merely two or three of them. In other words, unless the three-power treaty

negotiated at London in 1930 can be extended to cover France and Italy, Great Britain will not renew it. Nor will she be disposed to perpetuate the existing ratios of cruiser and other light tonnage without drastic reduction of the French and Italian submarine and light forces. On the contrary, if those forces are to remain at their present strength, Britain will insist on a substantially higher ratio of counter-tonnage. She advocates a trenchant scaling down in the size and armament of all combatant craft. The battleship standard, now at 35,000 tons and 16-inch guns, should be lowered to 25,000 tons and 12-inch guns, or, subject to corresponding cruiser restriction, to 22,000 tons and 11-inch guns. The present cruiser standard of 10,000 tons and 8-inch guns should be 7,000 tons and 6-inch guns. Battleships and cruisers of these smaller types would, it is claimed, be perfectly competent to perform all reasonable functions. The submarine should be totally abolished, or, alternatively, limited to 250 tons, which would restrict its operations to coastal defense and disqualify it to act as a commerce raider on the high seas. Finally, Britain favors some form of control over naval aircraft, which for the present are not restricted by treaty.

THE UNITED STATES is expected to propose a sweeping *pari passu* cut in the strength of all navies concerned, probably by one-third. It is sympathetic in principle to British views on the submarine, but does not desire any reduction in the size or armament of battleships and cruisers, holding that the present standards, which involve heavy building costs, are the best deterrent to unbridled competition, besides being suited to American strategic requirements.

JAPAN will denounce the Washington-London ratios and demand full

parity, in principle, with Great Britain and the United States. The Japanese will insist on the confirmation of Article 19 of the Washington treaty (forbidding development of Pacific insular fleet bases) and will certainly make this a fundamental condition of any new pact. They will urge the total abolition of aircraft-carriers on the ground of their essentially aggressive character. Japan fears these ships more than any other naval craft. She dreads the possibility of large enemy carriers streaming across the Pacific to send off swarms of bombing planes against Tokyo and other populous centres, where heavy-calibre bombs would cause indescribable devastation amid the lightly built sections. Although wedded to the submarine, which she has energetically developed, Japan might be prepared to accept further restriction of this arm in return for some sort of embargo on aircraft-carriers. As regards battleships and cruisers, she favors modified dimensions somewhat on the British plan, but has made it clear that if future American ships are built to existing treaty standards she will follow suit.

FRANCE will take a strong line at the conference and, most probably, decline to consider proposals for the limitation of her light forces, whether submarine or surface. It is to be feared that political friction may be engendered, since Great Britain will undoubtedly press for such limitation and make it a bed-rock condition not merely of any further scaling down of British naval armaments, but for their maintenance at the present and in expert opinion wholly inadequate standard. While willing to confirm, in principle, the Italian demand for equality, France is privately determined to maintain a substantial lead over the Italian fleet, and for that reason, if

for no other, is certain to press for light-tonnage quotas far in excess of the maximum to which Britain could agree.

ITALY'S policy, enunciated at the London parley in 1930, has undergone no serious modification. Its guiding principle is unqualified parity with France. In other words, the French maximum of combatant power at sea automatically becomes the Italian minimum. That Italy is not bluffing is demonstrated by the truly marvelous development of her navy in the last ten years. In cruisers she has built keel-for-keel against France, in submarines and destroyers she is creeping up to the French level, and by her bold decision to build this year the two largest battleships in the world she has canceled the French margin in heavy tonnage. If these two powers are represented at the conference, fireworks are inevitable.

How, then, are the prospects to be summarized? Frankly, they are black. With the possible and dubious exception of Great Britain and the United States, all the powers are at sixes and sevens in respect of naval policy. However much British statesmen may wish to work in accord with the United States, they are bound to consider, in the first place, the balance of power in European waters, and this, as it happens, is just that aspect of the general problem in which the United States is least interested. The situation in the Pacific is comparatively simple and, given a modicum of goodwill all round, it should be no difficult matter to determine, either roughly or

precisely, the future dimensions of the navies of the three powers chiefly interested. A combined Anglo-American front at the council table would probably induce a reasonable frame of mind in the Japanese delegates, who, being men of sense, would know that neither Great Britain nor America harbored designs against the peace of the Far East. But tied fast to the leg of British statesmanship is the ball and chain of potential, if not actual, menace in the North Sea, the Channel and the Mediterranean. To invite Great Britain to sign a disarmament pact based on Pacific strategy alone would be tantamount to asking the United States to frame its future naval policy without the slightest reference to Caribbean or South American waters or, indeed, the Atlantic as a whole.

The track of the 1935 naval conference bristles with danger signals which cannot be ignored without courting disaster. It will be held in an atmosphere highly charged with electricity. No swift success need be anticipated. A previous alignment of British and American views on the Rapidan principle will not avail this time and would probably do more harm than good. Japan, France and Italy are one and all in a suspicious and very touchy mood on the subject of armaments. If the conference is to avoid shipwreck, its course must be steered with consummate finesse. This time the rule-of-thumb navigation methods which proved effective at Washington in 1921-22 and at London in 1930 will be of no avail.

Roosevelt and the Spoilsmen

By HAROLD BRAYMAN*

NEVER in the history of the United States has a national administration been subjected to so much pressure for government jobs by party workers and voting supporters as that which has been exerted since President Roosevelt began his term of office. There was, to begin with, the natural hunger of Democratic workers after twelve long years of standing outside looking in while the Republicans presided at the "pie-counter." To them was added the rather select group of independents who worked long and hard to bring about Mr. Roosevelt's nomination. But the vast horde with whom the administration had to contend came to it because of the stress of the times.

Men who in 1928 would have scorned the "little Cabinet" or the lesser Ambassadorships have been eager in the last eighteen months to obtain obscure positions paying enough to live comfortably. Doctors of philosophy have sought minor technical appointments and taken whatever was offered. Many with records in *Who's Who* have had friends in Washington quietly trying to find them anything that sounded reasonably important. College graduates have applied for positions running elevators, and all the economic wrecks of the depression, who rose up with the Democrats against President Hoover, have turned to the ward politicians to get them a job, any kind of job. The number of victors claiming

spoils turns out to be almost beyond belief.

It is smiling, shining "Big Jim" Farley, the Postmaster General, who has stood for a year and a half as the buffer between President Roosevelt and the job-hunting horde. A man of friendlier nature never was born; yet he has had to refuse thousands of times when all his inclinations have been to grant.

Many people have found it difficult to understand how Mr. Farley, the frankly political-minded graduate of the district clubhouse, fits into the erudition, theory and high purpose of the New Deal. But if one analyzes it he fits like the last piece in a jig-saw puzzle. The President would no more do without Mr. Farley than he would without his sense of humor. Even a reform administration must stay in power if it is to succeed, and one must admit that at least certain compromises with the spoils system are necessary, unless one is willing to argue, rather impractically, that a winning group under our party system can promptly forget its supporters. The less given in compromise the more delicate becomes the task of selecting and refusing. A President obviously cannot watch this detail himself if he is to give any attention to government.

On the other hand, if we take for granted a sincere faith in the New Deal by its sponsors, their accomplishments could be greatly reduced by the creation of unnecessary political antagonisms. The careers of Herbert Hoover and Woodrow Wilson are proof of that. It seems at least reasonable

*The writer of this article is the Washington correspondent of the Philadelphia evening *Public Ledger*. Formerly he represented *The New York Evening Post* at Albany and in Washington.

that the highest statesmanship consists in taking immediate private interests and individual ambitions and bending them to serve the long-range purposes of well-planned public good. It has been said that every appointment to public office makes for the appointing power one ingrate and nine enemies. The long experience of many public officials testifies that there is much truth in this statement. That is why Mr. Farley is so essential in the New Deal picture. He is utterly loyal to President Roosevelt and to anything and everything the President makes up his mind to stand for. He is the great compromiser between an unprecedented pressure for jobs from the party and a determination by the President to provide capable administration.

To handle that difficult task, the Postmaster General, whose heart is as large as his smile is broad, is the ideal man. He may not avoid the creation of the ingrate in all cases, but he can escape the making of the nine enemies. He refuses a loyal party supporter with such sincere regret that the disappointed man goes home convinced that "Big Jim" won't sleep for three nights and will later make it up to him in some way. Mr. Farley's capacity for friendship is, indeed, unlimited. He never forgets a first name, or a face, or the fact that its possessor had pneumonia last Spring, or bet on the winner at a prizefight five years ago. How can even the most hard-boiled politicians long stay angry with so genial a man?

With utter frankness Mr. Farley laid down the rules under which he would distribute patronage. The first question he would ask, he said, would be if the applicant was qualified, and the second if he was loyal to the party and sympathetic toward the program of President Roosevelt. He announced

that patronage was the reward of those who had worked for party victory, that it was an assistance in building the party machinery to win the next election, and, significantly, that it was also the test by which a party shows its fitness to govern.

Numerically the distribution of jobs since March 4, 1933, has been the greatest in history, although in proportion to the total number of government employes the turnover was much larger in the Jackson, Lincoln and several other administrations. Administration leaders have been in many cases passively resistant to political appointees, but no such resistance has been shown by Congress, whose members felt, even more than Mr. Farley did, the full weight of the drive for jobs. There the spoils attitude emerged in its most depraved and shameless nudity.

Before President Roosevelt was inaugurated Senator Kenneth McKellar of Tennessee pushed through the Senate a resolution demanding from the Civil Service Commission a list of all positions in the government exempt from civil service. Such a list had been provided in the Wilson administration, but had been circulated among only a few people. This time it was made public property. An enterprising publisher put it out privately and it was a best seller all over the nation. It was hawked on the streets—"81,000 government jobs—here they are—pick yours—only 25 cents." Besides these places in the existing government on March 4, 1933, 70,000 more have been filled without regard to civil service in the new agencies created by the Roosevelt administration—over 150,000 in all. There was no modesty as to numbers.

The avidity of Congress for placing political appointees was so great that it required no persuasion to induce

both houses to provide in the legislation creating the new agencies that employes should be exempt from civil service. In some cases President Roosevelt recommended such a provision. In the cases where he did not some one always inserted it.

From December, 1932, to March, 1933, the Democratic Senate refused to confirm any appointments of President Hoover, thus holding them all vacant to be filled by President Roosevelt. A patronage committee was created in the House to find jobs for deserving Democrats. Postmaster General Farley's comment about the customs patrol on the Mexican border that "Democrats would look just as well riding horses as Republicans" was the mildest form of spoilsmanship compared with this committee, which even tried to invade the Library of Congress. There is a group of translators there who work on manuscripts in Sanskrit and other ancient or obscure languages. In some cases there are only a few people in the world competent to do this specific work. Some of the Congressional spoilsmen even wanted this group dismissed and replaced by good Democrats.

In the early days of the Roosevelt administration patronage was temporarily withheld from the Congressmen and a Democrat in the House said privately that the whole right of the centre aisle was seething in revolt and that "we'd be up in arms overnight if we weren't afraid Roosevelt would go to the radio."

The culmination of the Congressional drive for patronage came in the last session of Congress when in the closing days the House by a party vote passed a bill to employ 100,000 men to take a special census of unemployment, agriculture and livestock on Nov. 12. The timing of the census so closely after election led to the Re-

publican attack that it was an attempt to "buy" 100,000 votes for the Congressional elections. Some semblance of truth was given to the charge by the fact that the bill was introduced by Representative Lozier of Missouri, chairman of the unofficial House patronage committee. It was stopped in the Senate by a Republican filibuster.

The distribution of the 150,000 non-civil service jobs has been subjected to rather vigorous criticism by the Republicans and the National Civil Service Reform League. Most of this criticism has been based not on the character of the men appointed but on the fact that civil service lists were not used in the emergency agencies. The answer is made by the Democrats (rather lamely) that the emergency organizations were hastily assembled and that there was no time to wait for the civil service to function. It was also argued in extenuation that men were wanted in these important agencies who were completely loyal to the administration, and that the employes chosen were just as capable as the civil service would have provided.

Both the President and Postmaster General Farley joined without reluctance in the Congressional drive for means of rewarding past favors and smoothing the way to new ones. The President willingly recommended to Congress that thousands of employes be exempted from civil service, and as soon as the administrators were appointed for the newly established bureaus Mr. Farley had such a line of job-seekers waiting for the doors to open that an independent applicant could hardly have approached. Wherever executives would take them they were pushed in. In some of these places Mr. Farley took no chances on the possibility of non-political appointments. He induced Secretary of Agriculture Wallace to issue an order on

July 22, 1933, relative to the employment of unskilled and non-technical men for the various camps of the CCC. It contained the following instructions:

"For all positions which require qualifications of an unskilled, non-technical or non-professional character, a list of qualified men available for the different camps with a statement of their several qualifications will be furnished through the Secretary's special assistant, Mr. Julian N. Friant, to the Forester, from which list selections shall be made to fill such vacancies as may occur. The Forester will furnish Mr. Friant with a description of the jobs in this class and a statement of the required qualifications."

Mr. Friant is Mr. Farley's patronage representative in the Department of Agriculture. After the order went out Democratic Congressmen were notified that they might submit names of people capable of acting as non-technical superintendents and foremen in the camps in their districts.

Wholesale methods have been used in the actual systematic distribution of patronage. In the early days the Postmaster General and his immediate assistants did most of the work. Now much of it is cleared through Emil Hurja, who is Mr. Farley's assistant in the offices of the Democratic National Committee. Mr. Hurja is a big, pleasant and very soft-spoken individual who passes on the qualifications, political and otherwise, for most applicants, and handles the detail of getting them in jobs for which they are fitted. "The poorest kind of politics is to recommend an unqualified man," he says. "It results in poor administration and hampers the success of the party. If this administration is successful it will be re-elected without the help of patronage. If it fails, all

the support from all the patronage of all the offices wouldn't save it."

Mr. Hurja is a happy accident for the Democrats. Having been successively secretary to the Delegate to Congress from Alaska, publisher of a newspaper in Breckenridge, Texas, and an analyst of mining and oil securities in New York, he applied the trend analysis system in finance to politics. He took his system of forecasting election results to John J. Raskob in 1928, but no interest was shown in it. Four years later he took it to Frank Walker, then treasurer of the Democratic National Committee, and was immediately given an office and assistants as a volunteer worker. Early in the Summer he had a complete card index of the voting records of every county in the United States for the four top offices in the 1928 and 1930 elections, thus showing the trend. During the campaign the trend lines were corrected through use of all the straw votes taken, from that of the *Literary Digest* down to those of the little weekly newspapers. A week before the election the projections of these trend lines were completed and estimates made. Mr. Hurja was right on every State except Pennsylvania. He had the majorities within 2,000 votes in twenty States and within 1,000 votes in ten States.

That card index is being kept constantly up to date. It has a definite relationship to patronage because it shows the sixty or seventy districts in which the Democrats face their closest fights in the Congressional elections. Those districts are receiving more patronage than those which are either hopeless or certain. Charts are also kept by Mr. Hurja of the distribution of jobs, which have been apportioned so as to keep a balance among the States. He has calculated a system of quotas. Out of every 1,000 jobs, for

instance, New York is entitled to 101 and Arizona to 4. He has another chart based on the total salaries. By watching these charts no State ever gets far out of line or has for long a complaint that it is not receiving its share. A similar record is kept of all the Democratic members of Congress. During sessions a record of Aye and No votes has been made at times, and those members who stood by the New Deal have had their rewards increased while the backsliders were punished.

In order to avoid placing applicants in positions for which they are not fitted, all seekers for routine jobs are required to fill out an extensive questionnaire giving their qualifications and experience. To see that square pegs are not put in round holes the Postmaster General and his assistant, Mr. Hurja, have their own representative in practically every bureau and department to handle patronage matters.

At first there was a great deal of difficulty because of the extreme distrust of all persons with political endorsements by the heads. President Roosevelt had chosen for some of his departments and bureaus. Harold L. Ickes, Secretary of the Interior, would have nothing to do with political appointees. Mr. Hurja himself was sent to the Public Works Administration as "key man" for some months. He worked with Secretary Ickes by selecting his men very cautiously and inducing the Secretary to accept them provisionally for thirty days on the understanding that if they were not satisfactory at the end of that time they could be dismissed without further ado. Very few of them were ever discharged. Gradually Secretary Ickes became less suspicious and slowly yielded to the system.

More or less resistance to political appointees has been encountered also

from Miss Frances Perkins, Secretary of Labor; Henry A. Wallace, Secretary of Agriculture; General Hugh S. Johnson, National Recovery Administrator; Harry L. Hopkins, Relief Administrator; Joseph B. Eastman, Railroad Coordinator, and Joseph P. Kennedy, chairman of the Securities and Exchange Commission. These executives and many of their subordinates have insisted upon picking their own men for all important positions, and it is to the credit of the Roosevelt administration that in most cases they have been allowed to do so. The patronage dispensers have pressed hard, but rarely with authority.

Nor were all the Republicans holding exempt positions turned out. Where they were not entirely out of sympathy with the aims of the administration and where they were exceptionally capable they have been retained. Charles Michelson, chief public relations man for the Democrats, sent through an approved order at the very beginning directing that no competent publicity man be removed because he had been appointed by the Republicans. Postmaster General Farley announced that no competent postmaster would be separated from his job for political reasons in advance of the expiration of his term. President Roosevelt ordered that civil service employees who had been dropped in the economy wave of April and May, 1933, should be given the preference in filling similar positions in the new emergency agencies, except in the cases of the 4,600 Republicans "covered in" by President Hoover without examination.

Numerous Republicans remained in prominent positions, and some were promoted. George Z. Medalie was District Attorney of the Southern District of New York for nearly a year. When Horace M. Albright resigned as

Director of National Parks to go into business, Arno Cammerer, the assistant director for years, was promoted, although the patronage hunters viewed the place with greedy eyes. Just before President Roosevelt went to Hawaii, Secretary Ickes sent over for his signature a commission for John W. Finch of Idaho as Director of the Bureau of Mines. Mr. Finch had been Professor of Mining Geology for four years at the Colorado School of Mines, but Mr. Farley discovered that he had supported Mr. Hoover in 1932. The commission was returned and instead of the President's signature, he left a notation, "Hold for the approval of the P. M. G." The President sailed away, but after his return he signed the commission. Scores of professors and technical men have gone similarly into important positions without political endorsements.

However, for every non-political appointment to an important post it is easy to find several that are political. They began in the Cabinet, but most of them have turned out to be capable officials. Mr. Ickes was a purely political choice. He was handed to President Roosevelt by Senator Hiram Johnson, who bolted the Republicans to carry California for the President. Now the Secretary of the Interior is one of Roosevelt's most trusted lieutenants. Claude A. Swanson, Secretary of the Navy, was appointed after Senator Carter Glass had refused the place of Secretary of the Treasury, because it was necessary to promote one of the Virginia Senators to enable Harry F. Byrd to run for a seat in return for his shift to Mr. Roosevelt at Chicago.

Hundreds of political appointments have been made to responsible posts, but the administration has shown an unusual alacrity in easing out any one who has failed to come up to the

standards which have been set. "Seaboard Bill" Stevenson, an ex-Congressman from South Carolina, was given a political appointment as head of the Home Loan Bank Board, which had several thousand jobs to bestow and over \$2,000,000,000 to distribute to lighten the debt burden of home owners. Mr. Stevenson apparently regarded all this as pure patronage. When asked by newspaper men if he would use the merit system in choosing employees he said he would consult the Senators and Representatives "because they are better acquainted with the merits of the persons involved." After several complaints came to the White House about the organization, "Seaboard Bill" was replaced, and many of his appointees went after him.

Pat Malloy, an Assistant Attorney General from Oklahoma, was allowed to resign. Major A. V. Dalrymple, a McAdoo man, who was head of the Prohibition Bureau, was similarly permitted to go. Governor Gore of Puerto Rico developed bad health and was replaced by General Winship. There are also many minor instances. Out of 30,000 applicants the Federal Housing Administration took 500, mostly political, and at the end of three weeks dismissed 75.

Few of the political appointments in Washington handled by Mr. Farley and Mr. Hurja have turned out badly, but in the States where local representatives are chosen in droves by local political organizations for such agencies as the Farm Credit Administration, the PWA, the NRA, the AAA, the HOLC and the emergency conservation work it is frequently a different story. The Ickes appointments submitted to the President for State and regional PWA advisory boards were held up for three weeks and considerably changed before they were

announced. In many cases politicians who were neither pure nor simple have worked themselves into important local positions, and the local administration of these people is responsible for a fair share of the criticism of these agencies.

The real spoilsmen, who are not interested in such minnows as \$5,000-a-year jobs but are out for the big-game fish, received their worst defeat when the \$3,300,000,000 public works program, with all the contracts which it involves, was placed in the hands of Secretary Ickes. He has proceeded with an iron determination that there shall be no scandal in the expenditure of these funds. Only recently he ordered complete reports on alleged faulty construction in the \$42,000,000 Chicago sewer tunnel and directed that payment be withheld on 1,400 feet of reinforced concrete sewer.

Notwithstanding the frankly patronage standpoint from which many jobs have been bestowed, there has been evidence of a healthy attitude toward the responsibilities of the individual for public rather than private service after appointment. It began with President Roosevelt's order against public officials holding party jobs, an order to which the Postmaster General is the chief exception. Numerous national committeemen were Federal officeholders and had to resign as one or the other. Politicians with a smattering of the law who opened up offices in Washington and started practice as "fixers" because of their known political entrée were promptly blacklisted. This was followed by an order from Secretary of the Treasury Morgenthau to his department forbidding political activity by any Treasury official. That was a

sad day for the scores of politicians who had soft berths as collectors of internal revenue or collectors of customs. Some resigned their political offices, some their public offices, some squirmed and hesitated. Reports of political activity in the Internal Revenue Bureaus in Detroit and Philadelphia led to prompt suspensions. It was evident that Mr. Morgenthau meant what he said and that this was no mere gesture for the record.

When President Roosevelt issued an order requiring civil service examinations for first and second class postmasters, it was shown rather effectively that the order did not mean much and was so drafted that no Republican need ever be appointed. Yet there has been remarkably little criticism of individual appointments by the present administration. In rare cases has a fight been made in the Senate before confirmation, and in those instances it has been usually over non-political appointments.

The degree of devotion to public service in the Roosevelt administration is probably somewhat higher than the average. It is true that it has its percentage of ward-heelers, particularly in the local organizations, but the intense enthusiasm of many of those in important positions for the aims of the administration, the careful watchfulness for anything that smells of scandal, the excitement of a national crisis at the time the administration began to function, the spectacle of emergency bureaus working without regard for hours, the frequently reiterated high purpose of the President, have all contributed toward developing in Washington a morale of sincere endeavor which has been all too infrequently characteristic of American government.

Russia Bows to Human Nature

By WILLIAM HENRY CHAMBERLIN*

ONE of the most debatable as well as one of the most far-reaching questions which the Bolshevik Revolution has raised is whether and how far a new social and economic system can change what is rather loosely and vaguely called human nature. How does the human being react to communism, which removes many old stimuli, destroys many familiar ideals and offers new ones in their stead? My own impression is that the Soviet régime has, in many ways, affected and changed human behavior without, however, necessarily altering the underlying motives of this behavior.

But we should bear in mind that if the Soviet régime has changed human behavior, human nature has had its effect upon the Soviet régime. The atmosphere during the first Five-Year Plan was one of terrific strain, quite comparable to that of war. Typical of this were the great increase in the number of arrests on charges of sabotage, espionage, counter-revolution and so forth, and the frequent exercise by the Ogpu of its right to execute persons without a regular court trial.

Now there are signs of relaxation all along the line. The Ogpu, for example, has been reorganized under a Commissariat of Internal Affairs. This Commissariat retains many of the powers of the Ogpu, including the right to banish any one to a concen-

tration camp for not more than five years without trial and the supervision of the numerous labor camps. But the Ogpu may no longer impose summary death sentences and will apparently also lose control over the special troop units which it formerly maintained.

The growth of what might be called Soviet patriotism is another new trend worth noting. There was a time when it was bad form for a Communist to show enthusiasm over Russia as a country. The international aspect of bolshevism was stressed. Today the Soviet newspapers are full of references to "our great country" and "our Socialist fatherland." The fading prospects of world revolution, coupled with absorption in the tasks of internal construction, have helped to make the average Soviet citizen and even the average Russian Communist much more nationally minded. This is already reflected in Soviet foreign policy, with its conscious assertion of Russian national interests, its willingness to take sides among foreign powers, instead of damning them all impartially as "capitalist imperialists."

The new spirit is also seen in the discouragement of the extremely dull purely propagandist standardized type of play and novel and in the revival of more conventional teaching methods in the schools and universities. Up to 1932 the Soviet school room suggested a joyous bedlam. Teachers had little or no authority; discipline was conspicuously non-existent, and a succession of experi-

*Mr. Chamberlin, for many years Moscow correspondent of *The Christian Science Monitor*, will early next year become Far Eastern representative of that newspaper.

mental innovations reduced instruction to chaos. But now the authority of the teacher has been restored; marks and examinations, once despised as "bourgeois," are again in vogue; group methods of learning lessons, once favored as a form of training for a collective society, are frowned on because it is considered necessary to test the individual capacity of each pupil. Teaching is again by subjects; the "complex" method, under which classes were assigned broad themes for study, has been discarded.

A point often emphasized by Communists is that wealth is not an object of desire in the Soviet Union. Kosarev, secretary of the Union of Communist Youth, once declared that no Soviet young man would say that he wished to become a rich man; he would rather be an engineer or technician, or a Stalin. This is quite true; but it does not prove self-sacrifice or idealism on the part of the Russian younger generation. Wealth is desired in most countries because it implies ease, comfort, security, social respect. It is not desired by any rational person in the Soviet Union, because there it implies precisely opposite things.

The Russian citizen today could no more desire to be a capitalist than an American or an Englishman could desire to be a slave-owner. Every door that leads to the accumulation of a large personal fortune has been banged, barred and bolted. The limited concessions made to private business enterprise under the NEP have been swept away; and no one may any longer own or operate the smallest kind of store, factory or restaurant, while private farming is well on the way to abolition.

The ambition which under a different system might find expression in acquiring a personal fortune can find

an outlet in the Soviet Union only through advancement in the service of the omnipotent State. Instead of the stimulus to accumulate private wealth, the Soviet system offers to men who rise high in the hierarchy of political and industrial administrators the equally strong incentive of power, accompanied by a standard of living which, though modest by comparison with what a rich man of luxurious tastes can enjoy in Western Europe and America, is still far above the bleak Soviet average. To a foreigner who is accustomed to think of the Soviet ruble as worth about two cents a Soviet high official or "captain of industry" receives a moderate salary which may seem ridiculously small, but his position is something like that of an army officer in many other countries.

The salary is indeed small, but the perquisites of office provide numerous compensations. An important post in the Soviet Union carries with it a comfortable apartment, the use of an automobile, the right to eat in a good restaurant at a nominal charge, admission to the best rest homes and sanatoria, a private car for travel on the railroads and other advantages. These things are valuable in Russia just because there is such a general shortage of what would be regarded elsewhere as normal food, housing and transportation accommodations.

The whole tendency in the Soviet Union now is not to diminish material inequality, but to increase it by insisting that the more skilled and industrious worker in any field should receive more than his fellows. Equality of income may be Bernard Shaw's ideal; it certainly is not that of Stalin, who devoted some of his sharpest denunciation at the last party congress to those Communists who practice, favor or condone *uravnilovka*, which

is best translated as "equalization" or "leveling." "*Uravnilovka* in the sphere of consumption and personal life is reactionary, petty-bourgeois nonsense, worthy of some primitive sect of ascetics, but not of a Socialist society." Starting with this emphatic condemnation, Stalin added that there will be no *uravnilovka* even in the final phase of Communist society, when all are supposed to work according to their capacities and to receive according to their needs. "Because," to quote Stalin again, "Marxism proceeds from the assumption that tastes and needs are not and cannot be the same as regards quantity and quality either in the period of socialism or in the period of communism."

All this is a far cry from the leveling tendencies of the first years of the Five-Year Plan, 1929 and 1930. Then the liquidation of the private traders in the towns and of the kulaks in the villages was interpreted by many rank-and-file Communists as the first step toward a society where complete material equality would prevail, where every one would eat approximately the same amount of food and would be clothed in much the same way. In 1930 I met a vigorous exponent of this viewpoint in a former Red partisan, a political organizer in a new collective farm on the lower Volga. "The liquidation of the kulaks is only a first step," he declared. "The next step will be the establishment of the same standard of living for all State employes." Half jokingly I suggested that he would earn as much as Stalin. "That certainly is our final goal," he replied very seriously, "that there should be no more classes and that no one should receive more than his fellow-workers."

At that time village Communists often tried to force the peasants to organize full-blooded communes, with

all eating at the same table and even throwing such remnants of individual ownership as the family cow and chicken into the common pot. In the towns young Communists began to organize "living communes," where all put whatever wages they earned into a joint fund, from which they received whatever was considered necessary for food and clothing.

Such tendencies in village and city are now severely repressed. A long process of trial and error has led to the recognition of the *artel*, under which the peasant keeps his own house and garden, his cow and pig and chickens (if he is lucky enough to have any) as the most workable form of collective farm. Anything smacking of equal wages for work of uneven quantity and quality is considered thoroughly reprehensible; and the old ambition of the Soviet trade unions, gradually to raise the more poorly paid workers to the level of the more highly paid, is "Right opportunism," a strong term of opprobrium in the Soviet Union.

Every kind of differential spur is being used to stimulate greater productivity in the factory, greater efficiency in the office, even greater proficiency on the part of the students in the higher schools. Because of the low purchasing power of the ruble and the numerous rationing restrictions money wages alone are not as important as they are in other countries. So all kinds of other inducements are pressed into service. The *udarnik*, or skilled and industrious worker, gets a better meal at the same price in the factory restaurant, receives first consideration when new apartments are ready for occupancy, is given preference in admission to rest homes and sanatoria. At the State Opera House, where almost all the seats in the orchestra are reserved

for *udarniki* of various institutions, the persons who occupy them are not necessarily manual workers; they may be officers of the Red Army, engineers, specialists, employes, students, who are supposed to have performed meritorious service. The stipends paid to students are also made dependent upon the quality of their work. The bright student receives a higher stipend; the hopeless dullard is promptly struck off the State pension list altogether.

The second Five-Year Plan proclaims as one of its slogans the creation of a classless society. This apparently promises greater material equality. But in actual practice it is conservative rather than revolutionary in its implications. Once there are officially no more classes, there is no justification for class hatred and class envy. The unskilled laborer who in 1937 may grumble when he compares his frugal fare and cramped quarters with the higher living standards of Soviet executives and engineers will be not a proletarian justly indignant at his lowly lot, as he would be in a "capitalist" country, but a misguided comrade, who must be instructed in the harmfulness of "leveling" and the blessings of payment by piecework.

The communism of Russia as it is evolving today thus shows no indication whatever of becoming a system of communal living and equal sharing. The whole emphasis of the great change which the revolution has brought about is placed on abolishing the possibility of permitting one man to employ others for the sake of making a profit. Its concern is not that every one should receive the same wage but that the State, in one form or another, should be the universal employer and the general paymaster.

Communism has its non-material

incentives. Much of the extensive national propaganda effort is devoted to praising efficient workers and denouncing slackers on "the labor front." In line with Stalin's declaration that "the country must know its heroes," feats of scientific and labor achievement are prominently described in the press; and such decorations as the Order of Lenin and the Order of the Red Banner of Labor are awarded to men and women who have especially distinguished themselves. In Moscow's chief amusement park one sees in the *Udarnik-Allee* the *udarniki* of Moscow factories commemorated in sculpture by Soviet artists. An extensive system of "Socialist competition" among factories which try to beat one another's records in increasing output and reducing costs, and among groups of laborers in factories and on construction enterprises, has been put into effect.

The value of these Socialist incentives so far has, however, been distinctly secondary. Experience has shown that the main desire of the Soviet worker or employe is not unlike that of the worker or employe in any other country—to improve his material condition in life. That is why the policy of sacrificing the material well-being of the people to the program of expansive and intensive new building during the first Five-Year Plan seems, in retrospect, to have been highly questionable, even from the purely economic standpoint. The provision of more beefsteaks and shoes, more shirts and gramophones would probably have stimulated higher productivity of labor and brought about surer and more genuine, if less spectacular, industrial progress.

A final answer cannot yet be given to the fascinating question as to what kind of balance will finally be struck between the power of the most totali-

tarian State in the world and the scope of the individual personality in the Soviet Union. In the early years of the first plan the tendency was strongly in the direction of flattening out the individual under the collectivist steamroller. Stalin's six conditions for the efficient management of Soviet industry, proclaimed in the Summer of 1931, heralded an important change, and since then the Soviet leaders have shown more inclination to give the material interests of the individual fuller consideration within the iron framework of an economic system that permits no private ownership of means of production.

One of the paradoxes of Soviet development in fact is the circumstance that the huge process of industrialization in which the Soviet leaders see the final triumph of collectivism is demanding, for its successful functioning, more and more regard for the interests and desires of the human beings who must operate it. Indeed, a main problem of the Soviet Union is to find out how much individualism must be conceded in order to make a collectivist system work, just as a main problem in other countries is to discover how much collective control must be established in order to make an individualist system work.

Kaganovich: Chief Aide to Stalin

By LOUIS FISCHER*

A FORMER shoemaker, a self-made man of 41, is, next to Stalin, the most powerful Bolshevik leader of the Soviet Union. Molotov is Prime Minister, and signs decrees together with Stalin, but Lazar Moiseievich Kaganovich is the big chief's trusted first lieutenant.

The Bolshevik Old Guard, the men who schemed in exile, the leaders who made the revolution of November, 1917, are either dying off or being relegated to positions of lesser influence. Stalin is one of the few political survivors of that band of iron-willed revolutionaries who staged the Bolshevik coup d'état seventeen years ago. Trotsky lives in foreign banishment. Zinoviev, Bukharin, Kamenev,

Sokolnikov, Ossinsky, Kollontai, Militin, Rykov, Antonov-Avseyenko, Krestinsky, Karl Radek and others whose names figured prominently in the adventures and discussions of the early years of revolution now perform services of varying importance, but none has a really decisive voice in the inner Bolshevik circle.

Stalin's counselors, the members of the Communist party's Political Bureau, were not included in Lenin's general staff. Some of them played their rôles in provincial centres. Others, like Lazar Kaganovich, were too young when the revolution broke out to be among its outstanding personalities.

Kaganovich is of the new generation of Bolshevik statesmen. He was only 24 years old when Lenin gave the signal for revolt. But he had already had his revolutionary baptism. In fact, he joined the Bolshevik party

*Mr. Fischer is an American correspondent who has been in Russia during the greater part of the post-war period and is the author of *The Soviets in World Affairs* and *Machines and Men in Russia*.

as early as 1911, at the age of 18. It was a period of dark reaction in Czarist Russia. Young Kaganovich read revolutionary literature surreptitiously. Neither employer nor relatives must know of his radical tendencies. It required character and will-power to join the detested Bolsheviks in those days. Revolutionary élan was at its lowest, and official persecution at its worst. Kaganovich's first Communist activities, therefore, were "underground." He met his comrades in his native town of Homel at secret rendezvous, avoiding the ubiquitous agents of the terrible Ochrana. But not always could he avoid them. On several occasions he was arrested. This is today part of his proud record. Fewer and fewer of the Soviet Communists now moving up from the ranks into positions of leadership can boast of jail sentences.

Lazar Moiseievich was ambitious. The little Polish-Jewish town of Homel made him feel cramped. He yearned for a more proletarian centre which would afford wider scope for his abilities. The February revolution—the revolution which overthrew the Czar—found him in the Ukrainian city of Uzovka (now rechristened Stalino), near the centre of the Donetsk coal basin. Soon he became chairman of the local soviet. He was a good speaker, and that counts for a great deal in times of revolutionary upheaval. He was an excellent organizer, and above all he was an indefatigable worker. Hours meant nothing to him. New duties only whetted his appetite for still more duties. Kaganovich possesses these same qualities in only intensified degree today. They explain his rapid rise.

In 1923 Lenin's eagle eye fixed upon this promising young man. He noted Kaganovich's energy and resourcefulness, and he appreciated an

asset to which Bolsheviks always attach exceptional importance—his close contact with the workers and his knowledge of their psychology. A worker himself, Kaganovich always lived with workers. He is of the proletariat and can be depended on to gauge with a fair amount of accuracy how a given measure will be received by the men in pits and factories, in other words, by the Soviet ruling class. Generally speaking, men of the type of Kaganovich are crowding out the old intellectuals and professional revolutionaries who formerly dominated the Soviet scene. Stalin has furthered this tendency, and so have events.

Kaganovich, thanks to his energy, has served as a sort of "shock-brigade" leader. Until he finally established his position as indispensable side-partner of Stalin in Moscow, he was shifted from place to place wherever a weak link appeared. In 1918 he helped to organize the Red Army; that was the pressing task of the moment. Soon he became chairman of the Soviet in the Nizhni-Novgorod region. A little later—the civil war was raging violently at the time—we discover him nearer the front, at Voronezh, as chairman of the Revolutionary-Military Committee.

The scene changes radically now from this typical Russian town to the heart of Central Asia, near the borders of Afghanistan and India. Bolshevism was spreading as the White armies retreated. Turkestan had to be sovietized. Kaganovich consequently was rushed to Turkestan. He remained there for more than a year. Meanwhile his reputation grew. He got what he wanted. In a party known for its vigor and daring, he stood out for strength and courage. In the council chamber or at a personal interview he can be mild and persuasive. But he has been

hard and ruthless too. He personally signed the death warrant of not a few North Caucasian kulaks who were obstructing collectivization in 1931. Yet everybody knows that he will listen to the minutest details of a family man's troubles and try to get him an apartment in crowded Moscow. In Kaganovich the lion and the lamb lie down together.

After his impressive record in Turkestan, Kaganovich advanced quickly. Now Moscow wanted him. Lenin recognized his abilities, and so did Stalin. The Thirteenth Congress of the Communist party, which met in 1924, elected him a member of its Central Committee. This is the top rung of the Bolshevik ladder, except for those few, the Big Ten, who move up into the Political Bureau. That highest pinnacle Kaganovich reached in 1930.

His election to the Politburo was preceded and warranted by his work as the Bolshevik chief of the Ukraine in 1927 and 1928. The Ukraine is the largest Soviet national minority republic. It is the richest agricultural and manufacturing region of the Soviet Union. Kaganovich was its supreme ruler, and he made a good job of his regency. He spoke Ukrainian. He addressed peasant meetings in their native tongue. He combined the firmness and the sympathetic understanding, the talent for organization and the sense of humor, the capacity to work with the readiness to obey orders from the Kremlin that explain his phenomenal triumphs through the last decade of Soviet history.

Kaganovich has what Stalin lacks—a personal warmth which wins. He can also charm the masses. At the party congress in January, 1934, Michael Kalinin, President of the Soviet Union, was speaking of domestic propaganda. "There are two kinds of orators," he said. "One who car-

ries the masses with him." At this point War Commissar Voroshilov interjected, "Kaganovich, for instance." Kaganovich, indeed, is perhaps the Soviet Union's best public speaker. Tall, robust, with a fine voice, he has a presence that makes an instant appeal. His black hair has grown thin of late, until it forms a kind of gauze-like web on the top of his head. A year ago he removed his jet beard which shows in earlier photographs; only the thick mustache remains. It makes him look somewhat mongoloid.

Kaganovich can get closer to people than Stalin, but he is no Stalin. His calibre is much smaller. Stalin stands head and shoulders above him in intelligence, political strategy, experience and steeled will. Kaganovich knows this. He knows also that no matter what happens he can never be Number One. His ambition recognizes its limits. Stalin, therefore, has nothing to fear from him and can trust him implicitly. Kaganovich is not only an able second-in-command; he is also a faithful servant of the master. His loyalty is unquestioned and his prerogative, accordingly, is great. No one thinks of attempting to restrict his popularity with the workers or to reduce the number of big tasks assigned to him lest he become "dizzy with success." On the contrary, every season sees new functions assigned to him.

The party congress which met in January, 1934, appointed Kaganovich to a post—that of chairman of the newly created Commission for Party Control—which alone would tax the energies of the most efficient executive, for this commission is called upon to audit the finances, keep a check on the activities and correct the errors of literally every economic, political and cultural enterprise in the Soviet Union. Yet, in addition, Ka-

ganovich is a member of the Political Bureau, a member of the Central Committee, one of the four secretaries of the party (the other three are Stalin, Zhadanov and Kirov), a member of the important Organization Committee of the party, and chairman of the party's Agriculture Committee, which means that he supervises the work of all the collectives and State farms of the Soviet Union. That is no small undertaking.

When the Bolsheviks decided to establish political departments in the collectives of the country, Kaganovich called the chairmen of these departments to Moscow. There were thousands of them. He himself in fact had chosen many of them. He addressed them in the Hall of the Columns. He met many of them personally. They can appeal directly to him any time trouble crops up. But this is only one phase of his activities as coordinator of the agrarian affairs of a nation still overwhelmingly agrarian in population. At the same time, Kaganovich's duties require him to study the question of textbooks for Soviet school children and a thousand and one other matters.

On top of this mountain of work he has also a labor of love: he is the political "boss" of Moscow, the head of the Moscow party committee. This is not just one more title. He visits the committee's headquarters every day. He is making Moscow "the city beautiful," and attends to many matters personally. In recognition of this, the giant trolley buses, several score of which have been operating in Moscow streets for the last several months, are popularly called "Kaganoviches." The solution of Moscow's traffic problem is his special concern. Here is an item from a March issue of the *Pravda*: "Yesterday morning Comrades L. M. Kaganovich, Krustchev and Bulganin

visited Shafts 46, 47, 48 and 49 of the Arbat radius of the subway. * * * They investigated the shafts and on the spot gave concrete instructions for improving the work." That afternoon Kaganovich presided at a conference of subway engineers. He insisted that the subway be ready on Nov. 7. The subway is his pet. Regularly he dons rubber coat, boots and fisherman's storm hat and descends into its wet, muddy tunnels.

But he is the special "patron" of other Moscow institutions as well. In fact, he is Moscow's Haroun al Raschid. He will on occasions, for instance, go into a bakery to buy bread so as to see life from the angle of the average citizen's everyday cares.

Kaganovich's normal working day is necessarily long; sixteen hours out of every twenty-four is not regarded excessive. Yet he finds time for amusements. I have seen him at theatre performances and once at a soccer game, in which Moscow beat Turkey.

Kaganovich is popular. "Captain of the Moscow Bolsheviks," the official *Izvestia* calls him. "Beloved leader of the Moscow Bolsheviks" is another way in which he has been designated. This reflects a most important yet altogether unnoticed development in the composition of the Communist front rank. In Lenin's time, and for several years thereafter, practically all members of the Central Committee lived and worked in the capital. In recent years, however, more and more members of the Central Committee and even several members of the Political Bureau occupy posts in the provinces and come to the capital only occasionally.

A careful study of the new personnel elected to these bodies in January, 1934, reveals that a considerable number of them are Communist chiefs in the various regions into which the

U.S.S.R. is divided. The Central Committee is thus gradually becoming a sort of Senate consisting of the representatives of States or provinces. But these Senators, so to speak, are at the same time Governors of their States. The rapid economic development of hitherto neglected outlying districts has made it necessary that their voices be heard in Moscow at the same time that the mounting centralization of Bolshevik political authority reduces the number of those who need sit permanently in the Kremlin and share that authority.

Kaganovich is the Senator-Governor of Moscow. Leo Kamenev occupied a similar position several years ago. And Zinoviev was "boss" of Leningrad. What was then chance—for they had been leaders long before 1917—has now become a system. A new and Soviet system of representative democracy is slowly crystallizing in Russia. Kaganovich is its outstanding figure. Very likely he would have been Stalin's right-hand man, irrespective of his rôle as leader of Moscow's Communists. But the fact that he plays that rôle, too, adds to his popularity and influence. In the highest Soviet councils he defends Moscow's local interests, and Moscow rewards him with appreciation and fondness. His picture is seen everywhere throughout the city—a circumstance which has more significance in Russia than most outsiders will realize. His speeches are copiously quoted in the press and analyzed by

Communist study circles. When Kaganovich came to Moscow to rise to national prominence he also acquired the function of Moscow's local chief, and now it is difficult to know where the one task ends and the other begins.

Rumors circulated recently in Moscow that Kaganovich had earned Stalin's ill-will and was losing in prestige. Stalin had indeed sharply criticized the work on the subway. On account of the presence of subterranean water in Moscow, the building of its underground railway constitutes one of the largest tasks the Bolsheviks have yet undertaken. The most modern methods are being used; 70,000 men and women are employed on the job. But the cost is tremendous, and costly mistakes, which reflect unfavorably on Kaganovich, have been made. The subway will commence operating not on Nov. 7, 1934, as previously announced, but on Feb. 1, 1935. Nevertheless, all people realize the immensity of the undertaking. Foreign engineers agree that the Moscow subway presents more complicated engineering problems than any other in any part of the world. Kaganovich can scarcely be blamed for bad geology.

Kaganovich, accordingly, remains second to Stalin. Defense Commissar Voroshilov competes for that rank, but has not attained it. Kaganovich's abilities are great and his ambition is limited. Both these factors explain his high position.

The Fabian Way

By HAROLD J. LASKI*

IT has become customary to compare the influence of the Fabian Society on British politics with that exercised by the Benthamites a hundred years ago. There is real point in the comparison. Each group arose at a transitional period. Each was able to make itself felt because it had a considered and practical program to offer at a time when the old party cries had ceased to carry conviction. Each stood apart from the ordinary party conflict and sought to permeate the general atmosphere with the principles for which it stood. Each, finally, owed most of the success it won to tireless propaganda, on the one hand, and, on the other, to a grim attention to detailed knowledge which enabled it to use the artillery of fact as a weapon far more formidable than that rhetoric of denunciation which had previously been the main instrument of reforming parties.

The Fabian Society did not, of course, invent the atmosphere it was able to pervade. By the Eighties laissez-faire in England was already bankrupt. Men like Chamberlain and Dilke, philosophers like T. H. Green, had already come to see that the epoch of the positive State had arrived. Their weakness was either, as with the statesmen, that their par-

ticular remedies were built on no general doctrine; or, as with the thinkers (that neglected prophet Matthew Arnold is a notable example), that their general doctrine lacked the drive connected with the insistence on particular doctrines.

The Fabians remedied both defects, and in their own special way. It was important that their main protagonists were young: Shaw and Webb, Graham Wallas and Olivier, were all between the twenties and thirties; they had, therefore, a zest for knowledge, a happy self-confidence, a relentless determination to make their way, which are essential to the success of a new movement. They were, moreover, devoid of ambition in the more vulgar sense of the word. Their ideas had to be combated on their own ground, since none of them ever set out to secure the ordinary rewards of political effort. And, finally, they were defiantly British in their zeal for partial solutions.

Aggressively bourgeois in outlook (in the early days of Fabianism they could boast of only one genuine working-class member), they eschewed the path of either revolution or Utopia. If they skirted the edges of Marxism (which few of them ever really understood), they drew inspiration from John Stuart Mill and Jevons, on the one hand, and from the immediate issues of the day, on the other, rather than from those Continental insights which made the class struggle the basis of political action for Socialists. They never looked so far ahead as to

*The author of this article, written on the occasion of the fiftieth anniversary of the Fabian Society, is a Professor of Political Science in the University of London, has at various times been a lecturer at McGill, Harvard, Yale and Amherst and has published about a dozen books on political theory and practice.

be out of sight of those whom they sought to influence, and they never tried to build the kind of organization which is regarded by political parties as a challenge to their authority. In the early days, at least, they were an intellectual élite, winning their influence by the quality of the case they made and the energy with which they pressed it home. In the perspective of half a century it is clear that they profoundly altered the contours of British politics.

The Fabian Society arose out of a little band of idealists whose spiritual origins have links, through the wandering scholar Thomas Davidson, with Brook Farm and the traditions of Robert Owen and the early English Socialists. The impulse which gave it birth was emphatically a moral one; its members were dissatisfied with the quality of civilization about them and sought the means of personal perfectibility amid a society they condemned. In their first days they were rather unconsciously than deliberately Socialist; their platform only assumed that socialism was the way out a year or so after their foundation.

The original impulse did not last long; they soon discovered (largely through the accession of Bernard Shaw and Sidney Webb to their ranks) that combination of factual grasp and unity of outlook which gave them their peculiar power. Henceforward they had found their special task. On the one hand, it was the dissemination of expert information upon social questions; on the other, it was to make the masses aware, and through them the historic political parties, that the "condition of England" question was the clue by which the quality of political action was to be judged.

The first twenty years of Fabianism are a remarkable episode in the

strategy of permeation. Lectures, pamphlets, the famous *Essays*, debates, did much. Membership of local governing bodies, contact with pivotal persons, propaganda in radical associations, did more. The Fabians knew how to handle the press. They learned how to play off the political parties against each other. They became a bureau of ideas for innumerable people in and on the fringe of politics who were in search of a policy and uncertain how to develop one. Any group of men was bound to succeed which had Webb as its main strategist and Bernard Shaw as its chief literary exponent.

But the secret of those early years was not merely Webb's fertility of ideas or Shaw's supreme gifts of exposition. It was partly the fact that the group really moved as a unit upon a single front; it was partly that it sought more to get things done than to seek the credit for doing them. The world was fully aware of its existence; no group led by Webb and Shaw could hide its light under a bushel. But it was never so aware of the Fabians as to be conscious of the degree to which it was influenced by them. Great editors like Massingham, eminent statesmen like Haldane and, later, Mr. Winston Churchill, preached Fabian ideas, were promoters of Fabian legislation, without ever being really conscious of an inspiration which, had they been aware of it, they would only too probably have been anxious to reject.

The peculiar Fabian strategy was, moreover, greatly helped until the war by the absence of any Labor party in England avowedly Socialist in outlook and objective. Fabians could be Labor or Liberal; they could even, like Mr. Amery, find in the Fabian Society their intellectual apprenticeship to future eminence in the

Tory party. Fabian influence is written large over the legislation of all parties in England before 1914. In education, in statutes like those dealing with the trade unions, trade boards, workmen's compensation, the powers of local authorities, the hand of Webb and his colleagues can be traced. It is not, I think, too much to say that the Fabians were more responsible than any other body of their time for making attention to social conditions the primary issue of British politics.

They remained always a relatively small group (at the maximum they never exceeded 2,000 members), seeking influence rather than power. In a famous episode in 1906 H. G. Wells sought to persuade the party into large-scale organization, but he was defeated after a classic fight by Webb and Shaw. The society, moreover, rarely made a frontal attack on capitalism; Mr. Cole's attempt, in 1915, to persuade it into this path was signally defeated. Its acceptance of socialism as a general doctrine moved more and more into the forefront of its outlook. But its whole temper was dominated by that outlook which, in 1923, Webb described in a now famous phrase as "the inevitability of gradualness." Nothing in its publications before the war show even a glimmer of the Marxian approach. The fact of class war, the possibility of a revolutionary technique, the economic significance of imperialism, the limitations of the parliamentary system—of all these things the society seemed as innocent as the most hardened Liberal could have wished.

The war made an important change in the position of Fabianism. It ended the Liberal epoch in British politics, and, as a corollary of that end, it transformed the Labor party from a trade union sect into a national party

which became at once the heir to the Liberal tradition it immediately displaced. The Fabian Society became at once a part of the federal organization which called itself the Labor party, and membership of other parties ceased to be possible for Fabians. The change, of course, profoundly altered the character of the society. It ceased to be a body seeking a general pervasiveness for its ideas. On the one hand, it sought, as in the prewar days, by lectures and pamphlets, a general popularity for Socialist principles; on the other, it sought to pull its weight in the Labor party. Its members went into the House of Commons in large numbers; there were over sixty Fabians in the Parliament of 1929. They even went into the House of Lords, and both Labor governments had a considerable proportion of Fabian members, of whom Webb was the most notable.

The real impact of the post-war period upon the Fabian Society was the inevitable loss of unity the new orientation implied. It kept up (as it keeps up) its membership; but, inescapably, the main work of its members was done less through the society than through the ordinary party organizations. The society remains one of the main sources of Socialist propaganda. It continues to be one of the essential roads through which Socialists pass into political service. As a bureau of information, it is hardly less active than in prewar days. But, compared with the period before the war, the growth of the Labor party has necessarily meant the decline of Fabian influence. There are few ideas which can now be called distinctively Fabian. The older generation of members has moved to the periphery of politics. Fabian method is still in search of a philosophy more suited than the old to the critical times in

which we live. And it is upon the ability to discover that philosophy in the next years that the future of Fabianism as a definite wind of doctrine is going very largely to depend.

The explanation of Fabian achievement is rooted in the economic position of Great Britain before the war. It was the creed of men who sought to divert some of the abounding prosperity of the country to those who did not share in its benefits; and it was also a creed built upon a faith in the permanence of democratic processes. So long as this prosperity and these processes went virtually unchallenged, the Fabian method was an admirable one. It combined emotional persuasiveness with a massive power of handling evidence. Beyond its general insistence that the direction of the future was inevitably toward more socialism and more democracy, all its main emphasis lay upon particular measures, the cost of which did not seriously affect the position of the governing classes.

Its work was done with great efficiency, and in most of the problems it handled the society was easily able to meet its critics upon their own ground. Fabianism did not alarm the Liberals, who, after 1906, had become accustomed to the idea of wide State intervention. It was not unagreeable to the Tories, with whom the idea of a strong paternal State had always been popular. The society believed profoundly in the expert, and its outlook was therefore popular with the civil service, which after 1906 again was beginning to play a supreme part in public affairs and from which not a few of the society's most prominent members were drawn.

As essentially a group of middle-class intellectuals, its propaganda was conducted in the terms to which pre-

war England was accustomed. Nothing, either in the social composition or the practical proposals of the Fabian Society, suggested a corpus of doctrine seriously incompatible with the foundations of traditional England. All the materials were there for that effective compromise between extremes which was the classic English contribution to political technique.

The reputation of the society was naturally enhanced by the growing reputation of many of its individual members. Mr. Shaw became one of the half-dozen world figures in literature. Mr. and Mrs. Webb became easily the outstanding sociologists in Great Britain, and hardly a book they published failed to become a classic work in its field. Graham Wallas revived the half-lost art of applying psychology to politics, and, as one of the seminal university teachers of his time, he gave Fabianism a new status in the academic field. Things like the *Minority Report* of the Royal Commission on the Poor Law (1909), the foundation, under Fabian auspices, of the London School of Economics, the creation, in *The New Statesman*, of what is perhaps the most distinguished critical journal of our time, all added notably to the influence of the society.

It had the strength, also, which comes from the absence of those individual nostrums so often associated with progressive movements. It was sound on all currency matters. It had no interest in religious ideas. If it was vaguely sympathetic to women's suffrage, it had no opinions on marriage and the general problems of sex. It proposed nothing new in education, and, though its beginnings had been profoundly influenced by Henry George, it rapidly shook itself free

from the obsession of the single tax.

These were positive advantages. To them must be added others which become more significant in the perspective of the post-war years than they probably seemed to be at the time. It is significant that the Boer War left the society practically unmoved; the author of *Fabianism and the Empire* had no difficulty in assuming that the future was inevitably on the side of the big battalions. Few people were so influential in winning support for the Education Act of 1902 as Mr. Webb; and though that statute represented a real educational advance, its purchase price was the high one of fastening denominational education round the neck of the English people. It is, too, significant that the society showed no interest before the war in foreign affairs; the conflict of 1914 found it wholly unprepared, and its members, unlike the Independent Labor party, were swept into the ordinary patriotic support of the Asquith government without any sense of the inherent connection between capitalism and war. Few, moreover, of the new Socialist ideas after 1906—syndicalism, guild socialism and the like—touched the central faith of the society at all seriously.

The Fabian Society was, until 1914, pretty much what it had been in 1884—a group of men and women trying to force the pace of progressive legislation without giving serious thought to the possibility that progressive legislation was continuously possible only when property was secure and there was a surplus prosperity which enabled concessions to be made without altering the relative position of social classes.

Pre-war Fabianism, in fact, was the child of that illusion of security which dominated British politics until the Peace of Versailles. It was built upon

the belief that a special epoch in English history represented a universal truth to which there was no limit. It did not understand that Great Britain's early pre-emption of foreign and colonial markets was a temporary phase in economic evolution. It did not grasp the significance of American and German entry into the world market. It did not suspect that once the privileges of the British bourgeoisie were challenged, the issues of British politics would, despite all national differences, assume a character not fundamentally to be distinguished from those of foreign peoples. Fabianism was so immersed in, so wholly begotten of, the special position of Great Britain before the war, that both fascism and communism found it largely unprepared to adjust itself to a new world it had entirely failed to foresee.

The historian of the Fabian Society, writing in 1916, has suggested that its essential work was to force British socialism from intellectual bondage to the Marxian formulas. Looking back on the history of the last twenty years, it may be doubted whether this is an accurate summary of the position. No doubt for a generation the Fabians were able to divert the attention of the main body of British Socialists from considerations of revolution to those of reform. No doubt, also, the work they did represented concrete gains to the working classes of that generation.

But the side-tracking of Marxism has had, quite unquestionably, the serious effect upon the British Labor movement of weakening its realization that the conquest of power by socialism is a gravely difficult adventure by persuading it that the strategy of an epoch of prosperity is suited to an epoch of crisis. By training the British trade unions to a faith in

"the inevitability of gradualness," the Fabians may have released them from "intellectual bondage" to Marx. But it is permissible to believe that they have, at the same time, left them with the grave problem of relearning the significance of Marx for a period in which his own insights have far deeper application than they seemed to possess for Great Britain in his own lifetime.

It is upon that problem of relearning the significance of Marx that the future of Fabianism largely depends. The Labor party has even greater need now than when it was first founded of an expert analysis of the problems it confronts. It has still greater need of a social philosophy which relates its general principles to a capitalism fighting to preserve its life and prepared to abandon democracy rather than surrender its privileges. This has been seen by Mr. Shaw, whom post-war experience has transformed into an avowed Communist; and it has been seen by Mr. and Mrs. Webb, who are now devoting the remarkable Indian Summer of

their lives to doing for Soviet Russia what they have so superbly achieved for trade unionism and local government.

If the Fabian Society can hammer out a Socialist strategy suited to the new conditions Great Britain confronts, there is no reason why its future should be less brilliant than its past. The work cries out to be done, for the main energies of the Labor party are, not unnaturally, devoted rather to winning elections than to defining those ultimate questions of doctrine and strategy by which a society's foundations can be transformed. It is pretty certain, as William Morris saw, with the genius of poetic insight, in the first days of Fabianism, that the work will involve not the rejection of Marxism but its acclimatization to the British scene. To persuade the Fabian Society to that adventure, so alien from its past traditions, will be no easy task; but it is only by seeking to perform it that it will demand historic comment upon the meaning of its second fifty years.

Apra's Appeal to Latin America

By EARLE K. JAMES*

PERU in these last two years has seen the Apra (Alianza Popular Revolucionaria Americana), originally a romantic student organization, develop into a full-fledged, virile political party. Its opponents, surprised by its strength, have systematically persecuted it, exiling or jailing its leaders and seeking by fair means or foul to suppress its propaganda. But the Apra is irrepressible and undauntedly goes on with its work, even if it is forced more often than not to act by stealth.

Though the Apra is the first important political party in South America to be definitely affected by Marxist ideas, it uses them to show why they are impracticable in Peru. It is the first major party to base its programs on the State as an economic entity. Yet it has not espoused the Fascist Corporate State, or other fashionable notions, for it proclaims its faith in democracy. Profoundly nationalistic, the movement nevertheless holds to a firm belief in internationalism, has ramifications in most Latin-American countries and wishes to be emulated by the youth in its sister republics. It deplores previous blindness to "realities" in Peruvian politics and professes sole concern with hard economic fact. Nevertheless, the Apra idealizes social processes, waxes lyrical over statistics and carries its realities on a bubbling stream of romanticism.

*Mr. James, formerly editor of the *Chile Magazine*, has traveled extensively in Latin America and was for a time associated with the Chilean consular service.

These seeming contradictions only serve to make the Apra what it wants to be—a product of, by and for Peruvians. It is a reaction against the transplanting of political and social systems from foreign lands. If it is complex and unique, it is presumably so because Peruvian reality, to which it is shaping itself, is complex and unique. It is, in fact, Latin America dabbling with the idea of the economic State, visualizing its problems through the eyes of the economic determinist, opening the doors to an era of intense nationalism, and trying to shed the last remnants of colonialism. Peru, perhaps the country least prepared to lead the way, because of its hodge-podge of the primitive and the modern, is the first to give comprehensive expression to these various trends.

Two programs have been announced by the Apra—a minimum, made up of immediate objectives, and a maximum, which is still unformulated except for a vague foreshadowing of ultimate collectivism. Both programs spring from the four basic philosophies of the Apra—nationalism, the hegemony of the State, government for and by the lower and middle classes, and social reconstruction on an economic basis. These four intertwine in a bewildering, unorthodox fashion.

The immediate objectives constitute an ambitious platform of reform. The Apra is to "Peruvianize Peru." The remnants of Spanish feudalism are to be destroyed; the great estates are to be expropriated and "returned to the people." The "stranglehold" of

foreign or domestic capital on industry and trade is to be broken. Transportation, insurance, the extractive industries are to be "progressively nationalized." Concessions to privileged groups are to be annulled. Foreign capital, which wields so potent an influence on Peruvian economy, is to be "controlled."

Industrialization is to be speeded in order that Peru may cease to be a "market exploited by the foreigner." The "onerous burden of loans" is to be "relieved" through the "negotiation of more favorable terms" and the "purging" of the debt. The State is to foster irrigation works for the great Andean plateaus, is to study the agricultural possibilities of the arid slopes once tilled by the Incas. New government departments—Ministries of Labor and Industry, of Agriculture, Mining and Public Works, of Education, of Hygiene and Social Welfare—are to be created as the chief agencies for the realization of the Aprista ideals. In addition, the fiscal system of Peru is to be "completely reformed" so that the tax burden will be shifted to the groups able to bear it.

Government is to be decentralized to provide suitable administration for the various "economic zones" of the country, for the Apristas know how deeply rooted is local sentiment in Peru. Upon this policy, which the Apra calls "economic regionalism," will be erected a "political regionalism," permitting the growth of sections that range from the sweltering tropical forests of the upper Amazon through the fertile valleys of the temperate zone to the frigid mountain slopes. Yet the system will have to be knit together in a way that will maintain local autonomy "without losing the harmonious cohesion of the regions with the central State." Thus the map of Peru will be redrawn, and

"the political divisions of the republic's territory will be made with a criterion fundamentally economic."

The country's large Indian population, much of it illiterate, superstitious, and appallingly primitive, is to be "incorporated into the life of the nation." The exploited Indian will no longer be a stranger in the land that once was his. He is to be a co-leader. "From our mountains will descend a new voice," cries Victor Raul Haya de la Torre, the founder of the Apra. "Did not Zarathustra come also from the hills?" Native arts and industries and cooperative agrarian enterprises are to be fostered by the State. The Indian is to be educated in his own tongue and in Spanish. While rehabilitation proceeds within these two cultural areas—the native and the Spanish—efforts will be made to hasten the development of the Indo-European civilization that eventually will prevail.

Finally, there is to be a comprehensive program covering labor, social legislation, education, and the promotion and establishment of equal political and civil rights for women. Many of the Apra leaders, it should not be overlooked, are women.

With these proposals the Apra appeals for support to the peasants, the intellectuals, the Indians, the middle classes and the workers of Peru. This is the "new deal" offered them. "Only the Apra can save Peru!" is the slogan.

It is not the specific items in the Apra program that are held to warrant this slogan. It is its orientation. In the first place, social reconstruction is to be effected in "strict accordance with the requirements of the Peruvian scene," unswayed by popular theories from abroad. "We are not to fit realities to books but books to realities," says Haya de la Torre. "Realities," he adds, "are not to be in-

vented; they are to be discovered." Consequently, the Apra will mobilize technicians, experts, statistics and economic surveys to "discover" these realities, and "once we know what we are, what we have, what we need, what we can have, not by arbitrary and empirical concepts but on the basis of eloquent reality and indisputable figures," then, say the Apristas, "we will begin the definite organization of the State, knowing where we are going and what is to be the economic backing of our political promises."

The Apra also works through the concept of the State as an economic entity. "The Aprista movement," according to Haya de la Torre, "is a movement fundamentally directed at obtaining equilibrium for the economic organization of the country. We Apristas sponsor a new type of State, based on the citizen conceived as a qualitative not a quantitative entity. That is why our State will tend to be a State based on the participation of all those who in one form or another contribute with labor, that is, contribute to the national wealth. We seek a State where every man participates without abandoning his vital function of laborer. We desire a State where the technician and the expert direct State activities, in order to be able scientifically to steer a new course that will solve our great problems. We are attempting to organize a technical State. We are trying to approach a functional democracy. This is the fundamental principle of Aprism in so far as the organization of the State is concerned."

Thirdly, the Apra always is to work for the oppressed and downtrodden. As one of its leaders declares, it "represents an alliance of three oppressed classes, the peasant, the proletarian and the middle classes." The

new State will not be classless in the Marxist sense. It is not to be the dictatorship of the proletariat. It is to "save" the middle class under the leadership of the intellectual. "Aprism is the indestructible alliance between student and laborer, the savior of the middle class."

Finally, the Apra believes in democracy. The Apristas have skirted communism, capitalism, fascism. They have looked behind the scaffolding of the Totalitarian and Corporate States. But they shake their heads; for the present they are loyal to democracy. Aprism, Haya de la Torre insists, "is not the verbal democracy of old that spawned so many tyrannies. It is authentic democracy, formed by the people, defending the people. We are political action aimed at restoring the dominion of the State to the majority. We are a political organization that represents the interests of the classes that today are outside the State."

Economic security with freedom is the ideal. The Apra believes in an economic but democratic State of "the masses," smooth-running, efficient, progressive, "guaranteeing the life, health, moral and material well-being, the education, the freedom and the economic emancipation of the working classes, seeking to abolish as circumstances permit the exploitation of man by man."

Student unrest gave birth to the Apra. Strikes of students in Argentina in 1918 started a movement for university reform that spread quickly over the continent. Demands were made for the "autonomous university," democratically self-governed, liberal and progressive. But these aspirations widened as the student forces grew. Since the principal universities in Latin America are State-owned, criticism was soon diverted from college officials to the govern-

ments whose servants they are. The students found that the shortcomings of their educational institutions reflected more virulent ills corroding the body politic. "While the present social régime persists," they announced, "university reform will not touch the recondite roots of the problem."

Peru was touchwood for the sparks of revolt swirling across the continent. The University of San Marcos, one of the oldest on the continent, had clung fondly to the traditions of centuries. Lima, the City of Kings, once proud ruler of most of South America, nurtured strongly the autocratic tradition in government. Peonage, a large Indian population, widespread illiteracy and misery provided ample fuel to fire the soul of the youthful reformer. As a part of a small literate population, the student found himself with unusual influence. He belonged to a homogeneous, well-knit, semi-organized, class-conscious entity.

In the nineteenth century Peru produced an extraordinary figure in the person of the iconoclast, Gonzalez Prada. Prada lashed the old order unmercifully. He called on Peru to "open her eyes" because "the century advances with gigantic steps," and "there is much ruin to rebuild." He fulminated against dictators and the "mirage of military victories." "Intelligence," he cried, "does not have to abdicate to force"; the time had come for the intellectuals to take a hand in government. Politicians, for Prada, had no other program than "to transform the people into droves of cringing slaves, their knees on the ground and their mouths in the grass." He thundered the challenge that was to become the rallying cry of the student of our age: "Youth to work! Old men to the tomb!"

On this fertile soil fell seeds from

the four quarters of the globe, and the Apra was born. Internationalism and democracy, idealistically conceived, came from the land of the apostolic Wilson. From the United States also came the provocation for the campaign against "imperialism" and the resultant sentimental association of the Apra with "all oppressed peoples" of the world. The ideas of Marx were imported from Soviet Russia. And cultural nationalism had its origin in Mexico. All these impulses shaped the Apra, with its five vague and impracticable aims: The fight against Yankee imperialism, the political unity of Latin America, the nationalization of land and industry, the internationalization of the Panama Canal, the solidarity of all the oppressed peoples and classes of the world.

For almost a decade the Apra adhered to this emotional creed. Anti-imperialism was popular in a period when American marines were prodding Haiti and Nicaragua and "Bolshevist" Mexico was being impudent to her strong neighbor. So important was this anti-imperialism that the Apra was frequently referred to as "The Latin-American Anti-Imperialistic Revolutionary Party." The United States, indeed, by blundering around the Caribbean, played the rôle of midwife to an unwanted baby.

Prosperity and good-will speeches, however, weakened anti-imperialist sentiments. The Apra movement paled and wavered. But with the 1929 collapse, students were in arms again. They rose against Ibañez of Chile, Siles of Bolivia, Ayora of Ecuador, Machado of Cuba. Their age-old foe, Leguia of Peru, finally fell. The Peruvian Apristas, long in exile, swarmed back to their native land.

Almost overnight a new program to meet the Peruvian political situation was drafted. Haya de la Torre, the

Apra candidate for the Peruvian Presidency, made an impressive display of strength in the 1931 Presidential election against Sanchez Cerro, the stocky ruthless army officer who had ousted Leguia. Sanchez Cerro went to the Presidency, Haya de la Torre to jail. An Aprista revolt at Trujillo was suppressed and the Apristas were mowed down with machine guns. But martyrdom only strengthened the Apra.

The late José Carlos Mariátegui, a Peruvian and the keenest of South American Marxists, has given the Apra a philosophy on which to build. He refashioned the tirades of his master, Gonzalez Prada, into Marxian analyses of Peruvian society. The Apristas, inspired by Mariátegui, declare that Lenin, or Marx for that matter, would not have approved the transfer of the Russian program to Peru. Peru's problems are not Russia's and the Communists therefore err in trying to import a foreign program. The "ideological imperialism of Moscow" must be fought like the "imperialism of the White House in Washington."

Thus the Apristas face Peruvian "realities." They, like Marx, discard the traditional political parties based on nineteenth-century liberalism. Venality and corruption, militarism, fanatical clericalism, dictators and boot-licking politicians, living off a large population of docile Indians and foreign gold, long ago made the traditional political institutions abhorrent to Peruvian youth.

The Apristas watched labor emerge; tested it, found it still too weak, too untutored to serve as a tool for the creation of a new society. So they decided that new weapons had to be forged. Economic processes could no longer be an incidental concern of politics. The new force, therefore, was to be grounded on national "economic realities" and was to smash the old

order by swinging labor from communism and other foreign "isms" into an alliance with the students, intellectuals and middle classes. In other words, the Marxist social analysis is utilizing the group abhorred by Marx—the petite bourgeoisie—as a pivot to achieve its semi-Marxist aims.

That the capitalist system cannot be immediately overthrown is fully recognized by the Apristas. Local sentiment is not ready, foreign pressure is too strong. The foreign capitalist, says Haya de la Torre, is not to be "destroyed" because "within the predominant economic system of the world he fulfills an historical mission." The Aprista State is to secure "an equilibrium between the national and foreign systems, effected by scientific control based on previous study of the true needs of the country." This, however, is but a phase of transition. The three "oppressed" classes are to form an alliance which, according to Manuel Seoane, one of Haya de la Torre's lieutenants, "will initiate State control over foreign and domestic economy, to build, on this double action, the pillars of a State capitalism that will serve as a bridge to the socialism of the future."

The anti-clerical and anti-militaristic outbursts in which the Apristas indulged a decade ago have given way to more moderate policies. They are no longer hostile to the church; instead they seek to win its neutrality if not its sympathy. Their concern with the church is now professed to be "purely an economic one." Separation of church and State is to "assure the independence of the church." With its tenets, dogmas or beliefs they are unconcerned, for they "proclaim the liberty of conscience." Indeed, so clear-cut is this division of labor to be that "in front of every church they will erect a school." Like-

wise, the Apra has sought to win over the army and navy, for the support of these forces is needed.

Above all, the Apra is nationalistic. The "Peruvianization" of Peru is the cornerstone of its philosophy. Today this must be essentially an economic process. Consequently, economic nationalism, State capitalism, economic determinism, aside from offering possible routes in the quest for economic security, are welcomed because they are avenues leading to nationalization.

This nationalism was probably inevitable. Behind the Apra and the student movements that brought it into being are such men as Ugarte, Rodó and Gonzalez Prada, who at the turn of the century were prophets of a new gospel of salvation—America for Americans. National self-consciousness, stimulated from time to time by "Yankee imperialism," caused the Latin-American States to feel they must become mature. Political independence was won a century ago; now cultural and economic independence must be achieved. "Ideologically," say the Apristas, "Latin America is a semi-colony. From the United States to Soviet Russia, groups struggle for an intellectual monopoly over us, for our social future. We must proclaim our ideological autonomy as well as our economic independence." Under a veneer of European culture, the present generations are groping for something genuine, genuine because it will be rooted in local conditions and traditions. "The failure of two European importations—the Conquest and the Republic," declares Haya de la Torre,

"gives us our great historical lesson. We must seek ourselves."

Thus is the Apra impelled to foster economic and cultural nationalism, and to wander along the paths of economic determinism in search of economic security. What the Apristas are trying to evolve is what Latin-American youth everywhere has been toying with—liquidation of the feudal past, democracy to end the curse of dictators, socialism to ameliorate the misery of the masses, and a sort of Fascist nationalism to block foreign economic penetration and protect their own incipient capitalists and industrialists.

Other Latin-American States may evolve solutions of their own, or they may simply "Americanize" the blueprints drafted in Russia, in Italy, or in Germany. But the Apristas hope youth will adopt Aprism. They are working to this end. And the prospect is not entirely utopian, for the Apristas, after all, come from the student class, and Latin-American students are united by strong bonds. Today the old international organization of the Apra is being reshaped. From Cuba to Argentina, wherever Latin-American students are in revolt against the old order, Aprism is taking root.

On the white-washed wall of a yard in Trujillo, a wall indented by bullet marks and splashed by the blood of Apristas, there was to be seen painted in bold letters the day after the executions following the Aprista revolt in that city, the words, "Only the Apra can save us!" The Apra is irrepressible, even in the face of the firing squad.

Warfare in Red China

By STUART LILlico*

MOST of the comic-opera tactics that characterized Chinese warfare a few years ago still continue. The Fukien rebellion was reputedly put down by a bribe rather than by force of arms. The Sun-Ma war in Ninghsia Province of Inner Mongolia for months alternated between school-boy arguments over the telegraph to Nanking and surprise attacks on "mediating" armies. Umbrellas and "big swords" are equally conspicuous in the equipment of a soldier, and the men can never be sure in the morning on which side of the battlefield they will be fighting by sunset.

In at least one of China's numerous fighting areas, however, such methods are definitely discouraged and the result has been a new kind of civil war for China. In Kiangsi Province the government troops are at present engaged in a tremendous drive against the Communist régime, the third and largest drive in nearly seven years. Except when relieved by an occasional irrepressible Chinese touch, the fighters are doing their work in a way that would be a credit to many a better equipped and better trained modern foreign army.

There are at present seven notable Communist areas in China, the two most important being on the Fukien-Kiangsi border and in eastern Szechwan. All seven zones have in common the fact that they straddle provincial

boundaries. Because the so-called Chinese army is really only a collection of private forces which can not or will not operate outside their own territory, and further because the separate units work together badly, the Communists find their best field along the provincial borders.

The single exception to this rule is in the Kiangsi-Fukien sector, where a truly National Army has been organized for the suppression of Reds. In this one area the Nanking Government is making progress in overcoming the menace of bolshevism.

Foreign equipment and foreign advisers have played a large part in whipping this unwieldy Chinese National Army into an efficient fighting machine. Generalissimo Chiang Kai-shek has brought in German military advisers, who have in the past three years been able to instill some idea of discipline into the men, as well as give them special technical instruction.

Especially noteworthy is the use being made by Chiang of foreign weapons, particularly American airplanes. In this department Nanking has built up what is undeniably its greatest strength. The planes were used with telling effect in subduing the Fukien revolt last Winter and previously were important in bringing Generals Yen Hsi-shan and Feng Yu-hsiang to terms in the Northwest a few years ago. At the moment airplanes are playing a major part in driving communism from Central China.

Practically all the planes in Kiangsi are of American manufacture. At the airdrome in Nancheng, which is used

*Mr. Lillico is an American newspaper correspondent who during the past year has been traveling extensively in China. Before that he was for a considerable time in Japan.

as the base of operations in this campaign, twelve light bombers are stationed. Nanchang, further to the rear, has about twenty, and at Hangchow, near Shanghai, seventy more are reported ready for action as soon as pilots are available. Each light plane carries ten bombs in racks under the wings and has a machine gun mounted at the back of the observer's cockpit.

Reliable foreign sources in Shanghai give the following figures on Nanking's aerial strength as of July 1, 1934:

	In Action	On Order
American—		
Curtiss Hawks.....	25	..
Douglas	30	12
Fleet	75	30
Corsairs	43	30
Northrops	22
Foreign—		
Junkers (German)	4	..
Fiat (Italian)	12	..
Miscellaneous	10	..
Total	199	94

Pilots are being trained by American instructors at the government aviation school in Hangchow and usually are sent to the front immediately on graduation. That the cadets make good flyers is attested by foreign military advisers and observers. Flying seems to be dramatic enough to appeal to the Chinese, and they have responded with great gusto. Some typical Chinese tricks have been reported, as the pilot who "baled out" of his stalled ship, only to get his parachute tangled in the tail. After a dizzy descent in the wake of the spinning plane, the man ended up dangling from the branches of a tree, his only injuries being a few scratches. Another made an emergency landing in a rice field, doing a "ground loop" in the process. For nearly half a day he was suspended head down from the cockpit, held in place by his safety strap, his head about two inches from the mud.

Chinese leaders admit that the

actual material damage done to the Communist cause by airplanes is incidental in comparison with the way in which morale is shattered. Especially when the infantry has once started the Communists "on the run," airplanes have been singularly effective in keeping them moving. The planes have literally become the backbone of the anti-Communist drive, and it is largely through their support that the army is able to make such headway. Not only are bodies of enemy troops harried with bomb and machine gun, but they are prevented from erecting any sort of fortification, without which they are at a serious disadvantage. Likewise, the planes have done effective work in locating and reporting to headquarters the location of bodies of troops, both Communist and government.

During a recent visit to Nanfeng, just behind the firing line, the writer heard repeated stories of the effectiveness of this newest form of warfare. Communist sympathizers, for instance, had gathered a quantity of rice for use by the troops and had stored it in a small village in the hills. When the Nationalist headquarters heard about it they sent two bombers to the scene, completely destroying the house, scattering the rice, and—what was told with the greatest zest—killing all the occupants.

I had the opportunity of spending three weeks in Kiangsi, including a week in the actual fighting area, and the increased all-around efficiency shown by the government troops was remarkable. Gone were most of the old looting, the impressing of farmers and laborers whenever needed, and the other barbarities which have come to characterize Chinese armies. I found the men reasonably well drilled and looking neater than I had ever seen Chinese soldiers before.

Their marksmanship—on the practice range, at least—was better, and there was little loitering around the city. When soldiers bought food from the townspeople, the regular price was paid. To any one acquainted with the usual Chinese army, such statements are well-nigh incredible.

It is a distinct innovation for the individual soldiers to pay for what they buy along the line of march. Householders near the roads now bring out noodles, candy, peanuts and cigarettes to sell to the men. Formerly, and even now in any other part of China, such an act would be madness, as the soldiers would most probably walk off with the whole stock without paying. The seller could consider himself lucky if he were not impressed to carry his own goods. That both of these practices have been largely suppressed in Kiangsi is demonstrated by the sight of farmers working in the fields and women selling food along the road where a new division of 20,000 men is passing. By no means is it suggested that this is true all over China. Quite the contrary. It is so unusual that any description of the anti-Communist campaign in Kiangsi would be incomplete without it.

Equally amazing has been the way this army has taken hold of modern mechanical means of waging war. Motor trucks, Browning and Lewis machine guns, trench mortars, scouting and bombing planes, field telephones, mountain guns, radios and ambulances have been taken right in stride. More important still is the effective way they are being used.



Kiangsi and Neighboring Provinces

In Nanfeng, a city of 50,000 not far from the Fukien border, I found myself literally "behind the front." The fighting was only five miles away and from the porch of the Catholic mission we could see the airplanes circling to drop their bombs. The bursting of the bombs and the rattle of machine guns were distinctly audible, so audible as actually to disturb our sleep at night. Yet the townspeople, who usually stampede at the first sign of war, were going about their business with only the slightest regard for the fighting. Such an attitude could be nothing but a reflection of confidence in the Nationalist Army.

Five days previously the battle had started well to the northeast of Nanfeng, and since that time Communists had been pushed back twenty miles. Before I left, two days later, they had retreated still further and the fighting was going on in the heavy underbrush of a mountain in the neighborhood.

The Nanking troops do not always win, and recent news of important re-

verses in Western Fukien has been received, but on the whole these have turned out to be only temporary. The fact remains that Chiang's men are definitely on the up-grade and are doing what no Nationalist Army has been able to do in six years—beat the Reds consistently.

The personal equipment of the Nanking soldiers is quite ordinary. The men carry regular breech-loading rifles similar to the American "Springfield Model," varied by an occasional short-barreled, air-cooled automatic. All the men supplement the gun with a bayonet and most of them also carry one of the "big swords" that sprang into fame in the Jehol campaign. Group equipment includes Browning machine guns, trench mortars for driving out enemy machine guns and small mobile three-inch guns that have been singularly effective in battering down mud and stone forts.

A picturesque touch is added to the soldier's outfit by an occasional set of hand grenades hanging around the man's neck. Some are of the old German "potato-masher" type, apparently home-made, while others resemble slightly oversize lemons in size and shape and look like those used by the American troops in the World War. The men carry the bombs around with them wherever they go, through the streets, on trucks and buses and while on sentry duty. Why accidental explosions are not everyday occurrences is inexplicable.

Uniforms are almost without exception made of cheap gray cotton cloth, in Winter supplemented underneath by heavy knitted underwear and on top by a long quilted coat. A few detachments have steel helmets, but the great majority of the men wear cloth caps with visor and earflaps attached. Shoes, where they exist, are mainly rubber "sneakers," usually worn with-

out stockings. A common sight is to see the men shuffling along the road with the backs of the shoes turned down, so that they are worn like slippers.

The Red soldiers in the past have been relatively well equipped, but indications are now that supplies are becoming scarce. It was common up to a year ago to have whole divisions of Nanking troops surrender to half as many Communists. Except in the case of the Sixteenth Division, which late last year was entirely disarmed in a Communist surprise attack in Hupeh, this source of supply has largely been closed of late. Since the Communists are not in control of any port they cannot import arms and ammunition directly. Their sources of supply have been estimated by a recent Chinese writer, T'ang Leang-li, as follows: "So far as one can judge, 30 per cent of their arms was supplied to them by the government detachments which joined the Communist ranks in 1927 and by bandits incorporated into the Red armies, 25 per cent was purchased in foreign concessions in China, 20 per cent represents confiscations and requisitions, 10 per cent is of local manufacture and 15 per cent comes from various other sources."

Most of the Communist troops originally came from the government ranks. The leaders were Communists with Chiang Kai-shek in his Moscow-inspired march north from Canton in 1926. When Chiang turned away from communism, these leaders rebelled and set up their own Communist State in Kiangsi. For some time they were "just another group of bandits," but when they began to win imposing victories they were recognized as a serious threat. Two previous drives have been made against them, both ending in complete failure.

Chiang, besides his use of mechanical means of waging war, has changed his methods along several other lines. Instead of sending sweeping drives into Communist territory, where as often as not his troops were surrounded and disarmed, he now has his men going about the work slowly and more thoroughly. After a few miles of advance, the fighting is stopped while roads are built and forts erected. Then, when the bodies of troops have been consolidated and communications perfected, another advance is ordered. This program has been followed for nearly a year now and has resulted in the only victories for the Nanking forces in five years.

The necessity for having the soldiers lay aside their arms and build roads can hardly be realized unless an actual bit of Central China countryside is seen. It is not correct to say that existing roads are inadequate—there simply are no roads. Travel is limited to narrow foot paths, which wind around the borders of rice fields and are usually so narrow that two bicycles cannot pass. The main carrier routes from north to south are merely widened trails, paved with stone slabs and more nearly resembling a "stepping-stone" path through an American garden than a highway. Over these three-foot trails through the country, every bit of material for waging war formerly had to be carried by coolies.

By opening up roads as soon as the Communists have been driven out, the Nationalist troops have eliminated most of the difficulties formerly encountered in obtaining supplies. Fleets of American motor trucks have replaced the coolies, and the time consumed in traveling from Nanchang to Nanfeng has been reduced from two weeks to one day.

Much more important in the long

run and largely excusing the general confiscation of land for road building is the effect of the better transportation facilities on the local Chinese themselves. Nanfeng is a case in point. The district is famous for its oranges. During the Manchu dynasty the fruit formed part of the province's tribute to the Emperor in Peking, but the region was so inaccessible that large quantities could not be sold in the profitable markets of Shanghai, Hankow and Peking in competition with those from Chungkiang, which could be reached by steamer. Now, with a well-surfaced motor road to Nanchang and another to Yushan, where it connects with the railway to Shanghai, Nanfeng stands to gain many times over.

The mere fact that means of transportation are now available will have a tremendous unifying effect on the people of the war-torn sector. Buses are already plying daily over most of the new roads, and the writer can testify from personal experience that they are popular. Every one is packed far beyond capacity, with latecomers left behind.

Erecting small blockhouses and forts as the troops advance has proved of great value. The Chinese soldier fights much better from behind a wall than in any other position. Consequently, with numerous fortifications there is now much less likelihood of the Communists taking back ground they have lost. All through the anti-Communist areas of Kiangsi and adjoining Provinces these stone structures dot the hills and guard the roads. Incidentally, almost every temple and vacant house in the fighting area has been pulled down to provide stone for these "pillboxes."

Chiang and his Nanking government have realized that Kiangsi must be handled carefully. The Communist

régime has in some sections been a definite boon to the people, despite Nanking's pronouncements to the contrary. In others it has been, at least, no worse than the former military rule. In either case Chiang has seen that he must have a real program of rehabilitation to offer. Consequently, until this can be put into effect as little as possible is being done to antagonize the people. Indeed, in Lichwan, on the Fukien border, the residents were almost pampered by the military in an effort to win their hearty support for Nanking.

In place of the army's practice of seizing men wherever they could be found when recruits or coolies were needed, a genuine effort has been made to go about the business regularly. One way has been to employ whole gangs of outsiders, give them the semblance of a uniform, pay them as often as possible, and set them to work hauling war materials. They are supposedly prevented from preying on the local inhabitants. In actual practice this often breaks down, but the general effect has been good.

In preparation for the day when the whole of Kiangsi will at least nominally be once more under Nanking's control ambitious plans are being made for a rehabilitation program of concrete value. The government has not yet seen fit to release any definite information, but, from indications, the customary money-lending and marketing cooperative societies will be organized to start with. Later the program may include schools, public-health work and occupational training.

What makes the program particularly interesting is that for the first time a large section of country is to be placed under the control of Christian organizations for rehabilitation. Under the leadership of the Chinese

National Christian Council, several of the missions have made a loan of men, both Chinese and "foreign," to insure the success of the project. So far it is still in the blueprint stage, though enough progress has already been made to warrant sending a man into the field to find a definite site for the work.

This project has been undertaken at the direct request of General and Mme. Chiang Kai-shek. Funds are being provided by the Chiangs personally, by public donations and by the mission societies in the form of workers' salaries. Several other organizations will probably be experimenting in Kiangsi at the same time, notably the China International Famine Relief Commission and the Chinese National Association of the Mass Education Movement.

Rumors of the government's rehabilitation program, or "reconstruction" as it is usually called by the Chinese, caused one foreign worker in the Kiangsi field to remark: "If these Communists do not accomplish anything else, they can always point to the fact that they forced the Chinese Government to do something for the common people."

Although General Chiang is now living in Nanchang, within reasonable distance of the fighting, direct command of the Third Route Army in its campaign against the Reds is vested in General Chen Cheng. He has under him nine divisions of 10,000 men each, including two divisions recently brought up from lately "pacified" areas. The Communist capital at Ningtu is expected to fall before Autumn, according to word from Nanchang. To a large extent effective Communist control in Eastern China is already limited to the southeastern quarter of Kiangsi and western Fukien, though scattered "armies" are

constantly harassing widely separated districts in other parts of the country. Following Canton's agreement to collaborate in their suppression, a simultaneous push against the Reds was recently launched from the south. However, the results so far have not been breath-taking.

Opposing Chen in the Kiangsi-Fukien area are five "Red Armies," totaling something over 50,000 men and reputedly enjoying the services of an excellent military adviser, a former German military officer. The Communists have shown remarkable tactical ability in the past, and it is now only through superior strength and more money that the Nanking troops are getting the upper hand. Describing the Red Army organization, T'ang Leang-li declares:

"The Red Army in China is not organized strictly in accordance with Communist principles. It is not, like the troops of the Soviet Union, an army of the proletariat, drawn from among the classes which it desires to set free, organize and protect. Its nucleus consists of former government troops and those associated with them. Detachments with extremist tendencies rallied under the red flag in groups, together with their commanders, after the Kuomintang and the Nationalist Government had proscribed the Communist party. (The Kuomintang gained power as the result of a Moscow-inspired march north from Canton in 1926-27. After Chiang rose to power he turned away from Com-

munist.) The leaders may have definite revolutionary ideas but the mass of the troops under them have vague impressions rather than strong convictions. The majority of the soldiers under Ho Lung and Chu Teh (outstanding Red generals) on the whole have displayed good discipline. With them are a number of ex-bandits, attracted by the prospect of comparatively regular pay and of plunder after successful expeditions. Then there are recruits from among the peasants who have been ruined by civil war, drought or flood. Lastly come those who are recruited on the spot, who, one can be quite certain, do not enter the Red ranks out of any sympathy with or understanding of the principles of communism, but are pressed into service."

From all indications, the Communist régime in Kiangsi is definitely on the wane. Some time before the end of the year—Chiang says in three months—the whole matter will doubtlessly be settled. Foreign observers express the belief that the Reds will, at a propitious moment, make a dash westward to Szechwan to join the Communist armies under Ho Lung fighting for control there. Such an outcome would leave the Nationalist troops with the necessity of cleaning up in Kiangsi while the Reds entrenched themselves in the mountains of the West. To stop any such break for liberty battle lines are being drawn up in Hunan, between Kiangsi and Szechwan.

Dimmed Hopes in New Zealand

By MARC T. GREENE*

FOR half a century New Zealand has described itself as "The Brighter Britain of the South." But to colonists from "Home," as New Zealanders still call the mother country, much more than sunshine has been held out as an inducement. New Zealand has offered settlers at low cost broad acres of the most fertile soil in the temperate zones, with a ready market for the produce. And beyond and above all that it has promised a wider freedom, both political and spiritual, together with an assurance of physical well-being such as a highly productive and sparsely populated country should provide.

Situated about 1,200 miles east of Australia, New Zealand is a separate self-governing Dominion. If you would offend a New Zealander you have only to mistake him for an Australian. About five-sixths as large as the British Isles, New Zealand has an area of 103,722 square miles, but a population of only 1,500,000. Its climate generally is mild, and its social life without formality or restrictive convention. It is still a little Victorian in its love of respectability, but not aggressively so, and though in the pioneer stage intellectually as well as physically, it is broadly tolerant.

The early colonists, many of whom had to carry on a life-and-death struggle with the Polynesian Maoris, original possessors of the soil, had aban-

doned Britain for the other end of the world largely in quest of freedom. This was especially true of the Scots, who settled mostly in a cold, rugged and hilly district very much like their own highlands. Many of them were adventurers; all were impatient of restriction, physical or spiritual. Scots and Welsh in the south, English and Irish in the central district and the north, the settlers of New Zealand all came from the British Isles. There was no such dubious blend of soldiers of fortune and refugees from all parts of the world as was at about the same time peopling Australia.

The New Zealander has never been restive under the British Crown, and is today the most loyal of all the colonial subjects of the British sovereign. This is perhaps because his struggle with the soil, with the climate and with many other obstacles was less arduous than that of his brother adventurer in North America, perhaps because he arrived at a later date and was treated with more consideration by the mother country. At all events the freedom he sought and gained in the far south has never yet shaken his allegiance. England is "Home," and his greatest ambition is to make at least one pilgrimage there.

George Bernard Shaw on his recent visit to New Zealand frequently derided this loyalty to the mother country. His attitude was bitterly resented. "Home," in the New Zealander's psychology, has far more than a physical, or even a sentimental, significance. It connotes every exalted principle for

*Mr. Greene, who has been a correspondent in many parts of the world for *The Christian Science Monitor*, has recently returned from a study of conditions in New Zealand and the South Pacific.

which, in the English mind, Britain stands or ever has stood—principles to which, despite his fervid love of freedom and independence, the New Zealander yet adheres. And whatever social, economic or political experiments he may make, British conservatism always tempers his boldness.

Nevertheless, not so many years ago New Zealand was regarded as politically daring almost to the point of actual socialism. Government ownership of public services came earlier there than in the case of most other countries. Old-age pensions, child labor laws, liberal and advanced land ordinances, and above all compulsory arbitration of labor disputes attracted the attention of the world and gave New Zealand the reputation of having either a model government or a recklessly socialistic one—according to the point of view. The arbitration court was composed of representatives of the employers and the employees and a justice of the Supreme Court. From the outset it was attacked by employers on the ground that it favored labor in every dispute, and indeed the records show that twice as many cases were decided against the employers as for them.

But as New Zealand has grown, it has become increasingly conservative. The colonists of recent years have not been of the early adventurous sort, but more thoroughly English, more grounded in English tradition, more convinced of the impregnability of British conservatism. They have checked the trend toward socialism and substituted rather the standards and the habits of thought and action of "Home." It is from this class that most of the pilgrims to the mother country are drawn. They make their long-awaited trip, observe English ways, bask in the soft glow of English tradition and return convinced

that the hope of New Zealand lies in closer spiritual union with England.

In consequence, so hedged about with restrictions is New Zealand's most daring experiment, the Arbitration Court, that it is no longer either daring or experimental. Conservatism is now the outstanding characteristic of most of New Zealand's leading legislators. With the coming of the economic crisis a coalition government was formed, a consolidation of parties led in the one case by a sturdy ultra-conservative Scots farmer, in the other by a typical British Tory representative of the business interests. This government has now been in power for four years and faces an election in 1935. "His Majesty's Opposition" in New Zealand is composed only of the Labor party, small if articulate, indifferently led and enjoying too little confidence generally to have any chance of gaining office. New Zealand has grown too conservative for that.

There is no sign of any tendency to discard parliamentary institutions. That should be emphasized. Shaw told New Zealanders that Parliaments were a failure, that Hitler was right when he said majorities were responsible to nobody and that the only way out was the concentration of power in the hands of some one strong man. But this advice left New Zealanders as cold as had the sneers about their sentimental devotion to "Home." True, no strong man has appeared on New Zealand's political horizon for a long time. But were he to arrive tomorrow and be as forcefully articulate as Mussolini or Hitler, he would not be received seriously.

Of all English-speaking peoples New Zealanders are perhaps the most forbearing, the most patient under tribulation, the most tolerant. Tolerance, indeed, is almost all that re-

mains of the freedom-loving spirit of the early colonists. While it is by no means the tolerance of spinelessness and indifference, it prevents the adoption of new and untried courses, the ending of admitted evils. Thus a great deal exists in New Zealand that ought not to exist because the voters have been content to leave everything to their conservative leaders. Especially is this true in the matter of the banks. Three or four large institutions now have much too great a share in the control of the nation's affairs and are responsible, for example, for the present 25 per cent difference in exchange between England and the Dominion, a high rate that has benefited few and harmed many.

New Zealand's patience has been especially tried during the past three or four years. Up to 1930 the standard of living had been kept at a high and almost constant level. The well-being of the country was very largely bound up with the prosperity of the primary producers, dairymen, wool growers and meat packers, in that order of importance. But when times are bad people wear less wool and more cotton or other substitutes, use less fresh milk, eat less butter and more margarine. These facts have brought grief to New Zealand. A year ago you could have bought out half the sheep farmers of the Dominion had you offered them a dollar each for their animals. A year ago you could buy in the Auckland markets the highest grade of lamb and mutton chops for 10 cents a pound and even less, and beef likewise. You could have lived on the best of all kinds of meat cheaper than upon bread and cheese in most other countries.

Lack of markets for primary products thus started New Zealand's economic troubles nearly four years ago. Directly and indirectly it threw thou-

sands out of work and reduced the spending capacity of everybody else. It sent many small business men into bankruptcy and more than halved the clientele of professional men. It reduced the general standard of living of three-quarters of the population. Above all it made the problem of the unemployed, whose number increased until it was recently over 75,000, a national problem, the coalition government's gravest concern and the greatest menace to the country's long-preserved economic stability.

Demand for a dole was resisted. As an alternative an elaborate scheme of relief work was put into operation. This comprehended the building, extension and improvement of highways, the laying out of parks and playgrounds, railway additions and dock building, as well as housing projects, afforestation work and government subsidies to farmers to enable them to employ additional labor. The enormous cost of this was not easily sustained by a small population. It dipped deeply into the government's "emergency fund" and involved a good deal more as time went on. It forced an unemployment tax of 5 per cent on all wages and salaries however small, and finally led to a much-resented 10 per cent sales tax. This, of course, only completed a vicious circle, reducing purchasing power and lowering the quality of goods. There have been also a reduction of old-age and other pensions paid by the State and an all-inclusive wage and salary cut of 10 per cent.

Relief schemes in New Zealand, as elsewhere, are open to objections on many grounds. In the first place they are usually unproductive. More than half of the men thus employed are uselessly shoveling dirt and blasting rocks on highways. And what is even worse, the remuneration is only a

trifle above the cost of mere food and shelter, consequently lowering the morale of men who once had good positions and who in some cases had been lawyers, doctors, dentists, accountants.

Yet the Dominion has thus far avoided the measure of depression that produces actual distress. The bread-line, the soup kitchen, the Salvation Army "hand-out," the food dole as in Australia, the support of the indigent by private organizations—all these are unknown in New Zealand. It is therefore not inaccurate to assert that here depression is only relative. Moreover, there is little or none of what is called "profiteering," little or no exploitation of producer or consumer by middlemen, and no "rings" or combines to restrain fair competition. On the other hand, the characteristic forbearance under duress of this branch of the British people is combined with a notable tendency to share one another's burdens in times of tribulation. Thus every one who has anything to sell readily cuts his profits to enable workers with decreased wages and salaries to buy.

For more than half a century New Zealand had been a prosperous and contented land, in very fact a "Brighter Britain." Few New Zealanders had ever known what it meant to be hungry or inadequately clothed. A degree of depression that would little disturb a European country was very upsetting here. Moreover, public moneys had been spent on railway terminals, war memorials and power stations with little regard to cost. Auckland possesses a war memorial museum that is comparable to anything of the kind anywhere. But it cost more than \$7,000,000 and was completed at the very commencement of the depression. The same city built a new railway terminal at almost the

same cost and placed it so far outside the business centre of the city that suburban traffic on the railways immediately fell off 50 per cent.

All this meant huge loans, most of them raised in England. The country's per capita debt is between \$800 and \$900, and borrowing from abroad is about at an end. Yet the banks have more than \$70,000,000 in deposits in excess of advances, and a large and influential element is demanding the floating of internal loans in order to raise to a normal wage the remuneration of the thousands of relief workers. American experiments are being watched very closely in New Zealand, for they resemble the plan advocated for the Dominion by those who believe that the present official policy is largely responsible for current difficulties.

The younger generation has little patience with Victorian respectability in any of its manifestations and no patience at all with the ultra-conservatism that has resisted all social and political changes since the days of such pioneers as Sir George Grey and Richard Seddon. This generation, unlike the previous one, does not take as a compliment the assertion that New Zealand is the most Victorian of all the Dominions. It is restive under a public debt of £280,000,000, which apparently will not be immediately reduced, and resents the burden of several kinds of taxes and the spectacle of banks full of "frozen assets."

Moreover, the face of New Zealand society is slowly undergoing a change. Once the most thoroughly Anglo-Saxon of the British colonies, it is now assuming a cosmopolitan air as prolific Germans, Italians and Central Europeans trickle through the immigration stations. Then, too, there is a large group of Chinese who raise fruit and vegetables. They own more

than 500 retail shops throughout the country, and as many more laundries. Inter-marriage of Chinese with Europeans is fairly common, despite the color prejudice.

More than 70,000 Maoris are also a problem. The greater portion of these are half or quarter castes, and have really no fixed place in the social structure. The race itself is practically denationalized, though its members have always been fairly well treated. Back-to-the-land schemes have been developed for them and until lately they have been exempt from all taxation. The process of denationalization, however, is in the circumstances inevitable, although it creates a serious problem as the half-caste, more or less educated, turns his back upon the old tribal ways without finding any welcome among the people of his—generally speaking—male parent.

Yet New Zealand, with 1,500,000 people scattered over an area as large as that of Japan proper, would seem unnecessarily encumbered with problems. Millions of rich acres at present unproductive can be purchased for \$1.25 or \$1.50 an acre. Experts declare that at an average annual expenditure of \$25 an acre this land could be made worth from four to five times as much in a few years. Three acres of land so improved will furnish pasturage for two cows in full milk without other feeding. Few producing countries are so potentially rich as this; yet more than 100,000 men, women and children in New Zealand today are inadequately clothed and fed, even if not in real distress.

This is very far from the dreams of the sturdy pioneers who hoped to build in the far South Seas the world's

model nation in which men and women from overcrowded and overburdened Britain might find a new and brighter land that would in all essentials still be Britain. Some of those pioneers are still alive, and the spectacle of today's woes and tribulations saddens them, especially as it is no fault of theirs. They built well, set the country upon a strong economic foundation and blazed social and political trails. But their descendants and the newcomers were like the sons who squander their father's hard-earned substance, deeming it exhaustless. Through the very sharpness of the contrast circumstances today bear down the more heavily and bring all the more discontent and unrest.

As might be expected, that discontent is now directed largely against the Coalition Government, which is accused of being unequal to the conditions, even of playing politics with them. In consequence the Coalition probably will not survive next year's elections, although merely a new alignment of substantially the same interests is practically certain to succeed it. Should the New Deal in America seem to have justified itself by the middle of 1935, it is certain to have a profound influence in New Zealand, even, perhaps, to the extent of producing a new political party there. This would be made up largely of the younger generation, impatient of political conservatism and social Victorianism, eager for a revival of the courage of the pioneers, restive under the almost complete control of the country by the banks and business interests. Such a party might well make New Zealand once more a "Brighter Britain of the South."

Dull Nights in the German Theatre

By THOMAS H. DICKINSON*

IN the Germany of pre-revolutionary days there was one institution that was always the pride not only of the German people but of the art lovers of the world. This was the German theatre. How has it fared under the Nazi dictatorship? What has been the attitude toward it? What are the prospects for the future?

The influence of Nazi principles on German art will supply subjects for speculation for some time to come. If the Nazis succeed in destroying German art, as they now seem to be on the way to doing, it will not be because they have failed to give thought to the subject. One of the most ambitious of Hitler's addresses, delivered while yet he was in the honeymoon stage of his dictatorship, on Sept. 1, 1933, was entitled "The Future Task of German Art." In this he developed the idea that it would be the duty of German art to spread throughout the world the philosophy of racialism.

But the new Lessing of the Nazi movement is Dr. Goebbels. He prides himself on being epigrammatic. When Furtwängler wrote to him: "I know only a single frontier, that which separates the good from the bad art. That is why it is necessary to say openly that men like Bruno Walter, Max Reinhardt, Klemperer and many others should continue to contribute to the artistic life of Germany," Goebbels replied: "I do not know the position of your single frontier. Art should not

only be good, it should also be national and combative." Further examples of Goebbels's precision of thought concern the place of the new Chamber of Culture in German national life. "The Culture Chamber," he says, "must be a cultural élite." And again: "The Chamber of Culture is a mobilization of all the culture-creating men in the State, and when I say culture-creating I mean culture-producing and not culture-consuming men."

Of all the organizations in Germany the theatre was one of the easiest to take over and coordinate. This was for two reasons. The first was that the larger part of the German theatre was already official and supported by the State. The second reason was that the organization and management of the private theatre was such as to facilitate complete control by the government in power. Yet easy as it was to capture the German theatre, it was not so easy to retain what was captured. Indeed, the theatre developed a very treasonable faculty of slipping out of the hands of the dictator's agents and eluding all subsequent efforts to find it.

Early in 1933 about 150 theatres in Germany were receiving State and municipal subventions. Of them about 70 had opera ensembles. At the outset the government was primarily interested in ousting the Jews, putting the theatre into the hands of its own friends, and guarding against its being used for subversive propaganda. By the time the Nazi government had

*Mr. Dickinson, who has recently returned to America after a year in Germany, is an educator and the author or editor of various books on the drama.

firm control in March the theatre season was drawing to a close. Little needed then to be done with the repertory. But personnel required prompt and radical attention. The housecleaning that ensued occurred under the provisions of the Civil Servants Act of April 7 providing for the Aryanization of the personnel in all branches of public works, and providing also for the expulsion of all those whose records did not guarantee loyalty to the new régime.

Probably the most important man immediately deprived of his position was Leopold Jessner, head of the State Theatres of Prussia, who during his thirteen years had been responsible for some of the most adventurous experiments in theatrical history. In addition, probably a hundred administrative officers including intendants, musical directors and conductors, play-readers and stage managers lost their posts. Among the most important musical directors to seek foreign parts were Bruno Walter and Fritz Busch. Some hundreds of actors and singers, mostly suspected of radical sympathies, were dismissed. Later a certain number of these dismissals were changed into transfers. Many of the new appointees, selected for political reasons, so promptly displayed their incapacity that it was easy for the government to change its mind.

In general the government used three methods in taking over the State theatres as agencies of the Nazi cause. It made radical overturns, sweeping the old order bag and baggage from the theatre, as in Berlin, Dresden, Heidelberg, Mannheim, Stuttgart and Weimar; or it transferred officials from one theatre to another in order to break up presumable political blocs; or it permitted directors and others who had not shown active political bias to remain, as in Munich,

Augsburg, Hamburg, Leipzig and Nürnberg.

The seizure of the non-governmental theatres was perhaps even more easily accomplished than that of the State theatres. For two years the commercial theatres had been going through a crisis of reduced support and critical disfavor. Max Reinhardt's theatrical experiences had been particularly unfortunate. It did not take much more than a hint of a governmental decree against the Jews, added to the bad business from which the theatre had been suffering, to send large numbers of the leaders of the German commercial theatres to Prague, Vienna and Paris. In April the government had the shell of the German theatre in its hands.

The next step was to secure the substance. It is, of course, not very realistic to speak of the substance of such an art and business as that of the theatre, an art that depends entirely upon the evanescent and the elusive and that can never be coerced. This the government was to discover before it had gone much further with its experiment in running theatres to the greater glory of the Nazi cause. But at the beginning there were some features and organizations of the old theatre that looked very much as if they had substance in them. These the Nazi authorities proceeded to annex.

The first of these were the highly organized groups of the German theatre audiences, known as *Besucher* organizations, which were attached to both the public and the private theatres. As the government already controlled the public theatres, it proceeded to the absorption of the strong private audience groups. The first of these was the organized audience of the Volksbühne, numbering in 1932 more than 500,000 members, and served by theatres in all the chief

cities of Germany. The second was the organized audience of the Bühnenvolksbund, with about 300,000 members. Before the Nazi revolution these bodies had great political power, the Volksbühne tending to be radical, the Bühnenvolksbund conservative. There were also local audience groups as well as groups supporting regional Wanderbühne, or traveling companies. In taking over these organizations the government had indeed a substance out of which something could be made when it started its campaign for a 100 per cent Nazi theatre.

Not so with the second great group of organizations which the government now undertook to absorb. These were the half-dozen national organizations of the professional and technical men of the theatre, the artists, directors, actors, producers and theatre owners. Naturally, the government could capture the skeletons of these organizations. Not all their members fled, for many remained and gladly espoused the Nazi cause. But it happened that those who remained did not have quite the authority of those who disappeared. Imagine a German theatre without the following and you have a theatre pretty well emptied of content: Max Reinhardt, Leopold Jessner, Albert Bassermann, Ilse Bassermann, Elisabeth Bergner, Moissi, Piscator, Pirchan, Leonhard Frank, Bronnen, Brecht, Bruno Frank, Ludwig Fulda, Carl Sternheim, Ernst Toller, Paul Kornfeld, Alfred Neumann, Georg Kaiser, Fritz von Unruh, Alfred Kerr, Siegfried Jacobsohn, Herwarth Walden, Georg Hirschfeld, Hasenclever, George W. Pabst. After the government had taken over the organizations to which these men and women had belonged, it thus found them sadly deflated.

The Summer months of 1933 were months of indecision. Should the thea-

tres open again or not? Two voices were raised in reply. On the one hand it was argued that the theatre of the Nineteen Twenties had been the voice of radicalism and immorality and should therefore be kept closed. It was also urged that theatrical performances should be moved outdoors into the hands of the unspoiled amateurs, that the entire personnel of the professional theatre should be scattered abroad, that all theatrical functions should be taken over by the people in their own festivals and ceremonials and that the revolution itself should be implemented by a new popular ritual cut off from the practices of the hated theatre. In this appeal the audience group of the Bühnenvolksbund joined.

On the other hand, a plea was made for the maintenance of the theatre and its utilization in the campaign for National Socialism. It was pointed out that the budgets of the State theatres had all been provided for and their repertoires worked out, and that the closing of the theatres at this time would only add to the unemployment that the government was seeking to reduce.

The latter course was adopted. The theatre was given its place in the program of the National Socialist party, and a theatre section under a *Ministerialrat* (Councilor) was created in the Propaganda Ministry. Measures were taken to consolidate theatre administration in such a manner that everything that was done should conduce to the glory of the Nazi cause. The head of the Combat Union for German Culture, the agency of the party charged with the control of art activities in the Reich, wrote of the appointment of a *Reichsdramaturg* (dramatic director for the Reich) as follows: "Dr. Rainer Schlosser has been named *Reichsdramaturg*. It will

be his duty to select works which he holds to be in harmony with the German movement and to distribute these broadly on the stage. It does not appear that there will be a lack of such works." And the Nazi dramatic director of the Dresden State Theatres wrote: "The stage of the future seems to be assured if we only omit from the record the last fourteen years of theatrical history." Here then we have the specifications for the new German drama. It should be in harmony with the German movement, and it should completely cut itself off from everything that had occurred in the fourteen years since the end of the war.

It was in such a temper as this that the German theatres opened their doors for the season of 1933-34. These measures applied almost entirely to State-supported theatres, inasmuch as not more than one out of ten of the private theatres opened its doors until well into the new season. Everything produced on the stage was to be "within the frame" of the Nazi revolution. The State theatres, which were drawing down from the States and cities more than 50,000,000 marks a year in subsidies, must in return be compelled to render service to National Socialism. Have the theatres repaid National Socialism for what they cost? Have they helped the new political dogma to live or has this dogma destroyed the theatres?

In the effort to force the theatres to play their proper part in the revolution the government concentrated on two points. It sought first to transform the organized audience of the old theatre into a compact body representing Nazi principles, fed with Nazi fare. It employed the remaining membership of the Volksbühne and Bühnenvolksbund, 800,000 strong, as a nucleus of a new group of Nazi theatre-

goers called the Deutsche Bühne. Though the membership of the two earlier groups fell off, the enrolment of the new organization within a year reached 500,000. These audiences are given hand-picked, politically innocuous performances at greatly reduced prices. Though the prices are reduced, these Deutsche Bühne performances help to support the State theatres which have suffered severely through loss of attendance. There have also been organized various Youth and Labor Front theatres, the performances of some of them being absolutely free to members of accredited groups.

But the purposes of the theatre were not satisfied by reorganizing the audiences. The theatre is an agency of social appeal and the National Socialist party is a political institution. The theatre must serve the party in the substance of its organization and in all the ideas that flow across the stage into the auditorium. Therefore the government set the hand of compulsion upon the internal management of the theatres. In many cases this was done by placing the State theatre under a functionary in good standing at the Nazi Brown House. The head of the Prussian State Theatres is the well-known musical and dramatic authority, General Hermann Goering. After establishing the proper man in charge, the government put into effect the "leadership principle" under which all authority filters down from a political chief intent only on political ends.

Everything in the German theatres since 1933 has been done according to these principles, and it is by them that the results are to be judged. The effects of a purely political management on the proud theatres of Germany within little more than a year are to be noted chiefly in the classical repertory, in the standards of new works

produced on the stages and in the quality and quantity of public response. As to standards of production, it is fair to say that with some exceptions, chiefly in Berlin, they seem to be keeping up, thanks to an artistic morale behind the curtain that the events of the last two years have not undermined.

But the rich repertory of the pre-Nazi German theatres, by all odds the most catholic in the world, has been cramped to fit into a restricted political pattern. All "liberal" playwrights and plays have been banished from the stage. Gone are many of the great plays which yesterday were the glory of the German theatres—the plays of Goethe, Hebbel, Kleist, Buchner, Hauptmann, Tolstoy and Chekhov, as well as the greater plays of Shakespeare and Ibsen. Paradoxically enough most great playwrights have composed some plays that belong on the lower shelf. Automatically these second-run plays belong in the Nazi "frame." Such are *The Merry Wives of Windsor*, *The Comedy of Errors* and *The Taming of the Shrew* of Shakespeare, and Ibsen's mean-spirited anti-democratic plays, *An Enemy of the People* and *The League of Youth*. The muddy and changeable genius of Schiller now dominates the German stage. Wagner's *Ring* is interpreted as Nazi doctrine; *The Flying Dutchman* is fleeing an egotistic world. The limitations upon the repertories of the past has resulted in a lowering of standards of drama and opera. While Buchner and Hebbel are discarded, Charlotte Birch-Pfeiffer and Mosenthal rise from the dead.

It is not only in drama that a decline has taken place in repertory standards. In the great German temples of music operettas are being substituted for operas. While in December, 1928, 300 performances of oper-

ettas were given on fifty stages in Germany, in December, 1933, more than 800 such performances were given. Old operettas not seen on the stages for fifty years are being taken from the files, dusted and refurbished for modern production. In addition to works by Johann Strauss, Fall and Lehar, forgotten works by Friedrich von Flotow and Siegfried Scheffler and unknown Rossinis and reworkings of Bizet are coming again to the stage. Wagner is losing his place at the head of the repertory to such pieces as *Vogelhändler*, *Zigeunerbaron*, *Fledermaus* and *Im Weissen Rossl*. Either musical composition has dried up in Germany or the great theatres are refusing to produce new pieces. In the season of 1927-28 sixty new operas were produced on the stages of Germany; in that of 1933-34 only eight new operas were produced.

The reduction of standards in the classical repertory is more than matched by the decline in quality of new works. Much could be written on the types of plays prescribed by the new tastes of the political masters of Germany but little light would thereby be thrown on the nature of art. The collapse in standards of new plays is entirely the result of the attempt on the part of playwrights to write to order.

Three themes recur continually—the theme of leadership, the theme of sacrifice, and the bucolic theme. I have seen a score of plays on both the leadership and the sacrifice theme without seeing one that illuminates the spiritual qualities or employs the dramatic resources of the theme. As to the peasant plays, they are both absurd and vulgar, and one sincerely hopes that they misrepresent their originals. Here and there plays of originality or force are seen. Such are the delightful comedy *In the Euro-*

pean Heavens, pleading for comradeship among the aviators while the earthbound are tied to prejudice and war; the Bavarian comedy, *The Whitsuntide Organ*; and Kurt Eggers's *Mystery of Job the German*, which redeemed a chauvinistic theme by originality and sincerity of treatment.

The great majority of the new plays, however, can be characterized in the words of a courageous dramatic director: "The great current of dramatic creation runs in a path that adapts itself too much to the present situation. Each day brings new dramas, Frederick the Great, Luther, Kleist, Horst Wessel, the Unknown Storm Trooper. These are the heroes held to be representative today." And he issues a warning against readiness to accept a quick contemporaneity. And the director of the Hamburg Theatre deplores false romanticism. Spoken by men in authority in Germany today these are indeed courageous words.

Given the complete transformation of the German stage into an agency of a political program the reaction in the auditorium is not surprising to one who understands the theatre, however disappointing it may be to the politicians who are controlling the German theatre at the moment. Since the beginnings of Nazi domination the German audience has suffered both in numbers and in spirit. The suppressed excitement that used to crackle like electric sparks has changed to the cowed depression of an audience today.

The loss in numbers can be presented factually. There were evenings in the season of 1933-34 when the Schauspielhaus on the Gendarmenmarkt in Berlin, a theatre that spends

3,000,000 marks a year of taxpayers' money, had an audience of 100. The number of theatres at present in operation in Germany is one-third less than five years ago, and in Berlin 50 per cent less. In 1913-14 subscriptions and box-office receipts accounted for a shade less than 70 per cent of the expenses of the Berlin Opera on Unter den Linden; during the season of 1933-34 this figure dropped to 30 per cent. For the Prussian State Dramatic Theatre, the Schauspielhaus, the purchase of tickets provided for 69 per cent of expenses in 1913-14; exactly twenty years later it met only 20 per cent of expenses.

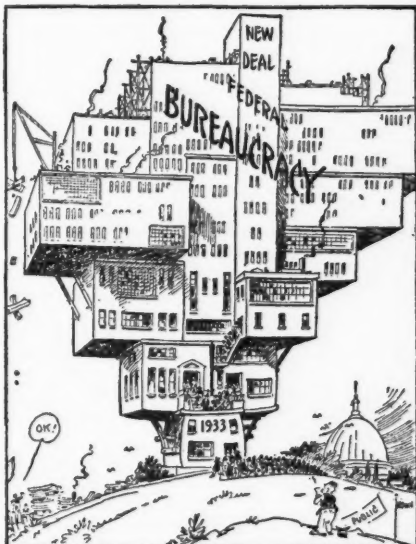
Under these conditions it is not to be wondered at that the Nazi government is advertising the "duty of the-atreggoing," nor that great theatres, notably the Grosses Schauspielhaus and the Schiller, have been engaged by departments of the government for free performances. Some say the future of the German theatre lies in the 400 open-air theatres, in the amateur and dilettante theatres, in the travelling stages, youth theatres, puppet plays and popular festivals, but there is nothing to demonstrate that this is true.

At the end of the last theatrical season the German theatre audiences seemed to be on strike, and the theatre authorities were seriously trying to devise means to lure them back, even going so far as to give performances without cost. This is one of the features of the new leisure program organization, the "Power Through Joy" institution. The catch in this is that if the people really enjoy anything they are willing to pay for it. And if it bores them the fact that it is free does not make it any the less boring.

Current History in Cartoons



That bird gets into everything
—Chicago Daily News



Away ahead of the housing drive
—The Enquirer, Cincinnati

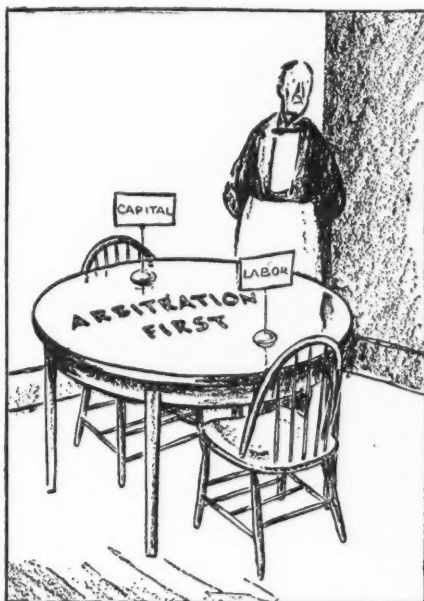


Table for two
—Boston Herald



An addition to the national zoo
—Rochester Times-Union



Into which hand?
—St. Louis Star-Times



"Take care of
yourself, young
fellow"
—Philadelphia
Inquirer



The joy ride
—Columbus Dis-
patch



The new Neptune

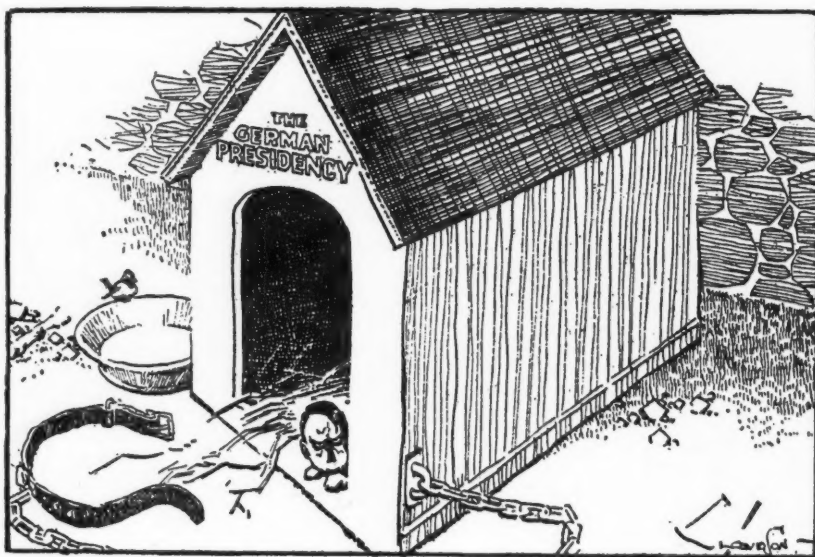
—Seattle Post-Intelligencer



And not a drop to drink
—San Francisco Chronicle



What's happened to these twins?
—Kansas City Star



The new tenant

—Glasgow Evening Times



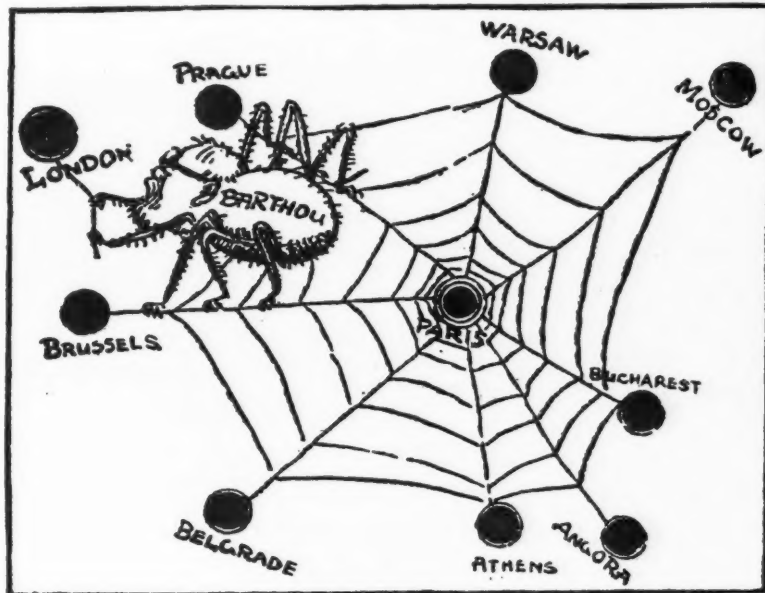
Caught again?
—Kladder-
datsch, Berlin



No cheerful credit
—The Sun, Baltimore

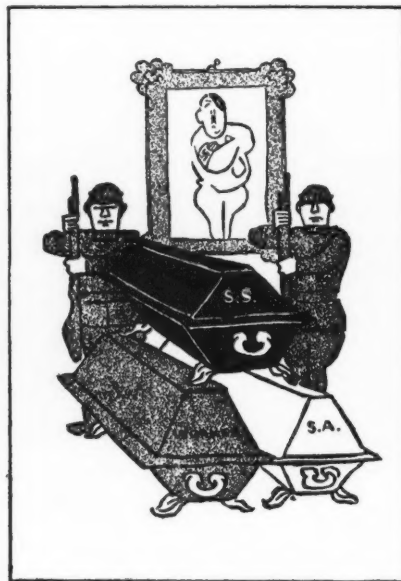
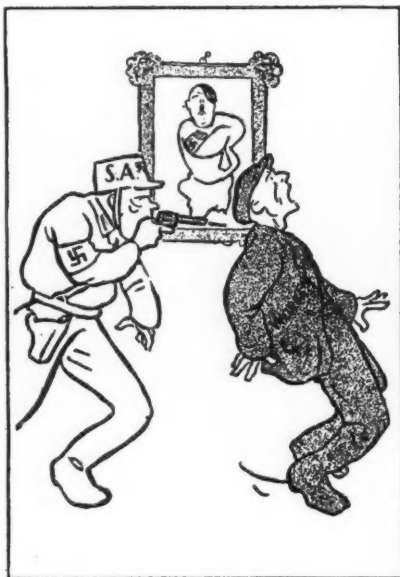


The puppet functions
—The Sun, Baltimore



Weaving the web

—Budapesti Hirlap



An Idyll in the Third Reich, or the way to German unity
—De Notenkraker, Amsterdam

A Month's World History

Checks on World Recovery

By ALLAN NEVINS

Professor of American History, Columbia University

IN recent events it has been possible to discern two main forces at work, two great tendencies affecting national policies. One force is the world-wide depression, which still holds every important country in its grip, and against which the chief nations are desperately struggling, as yet with no concert and with little concern whether they injure or aid each other in their flounderings. The other force is the almost universal fear in Europe of Hitlerite Germany, a fear which affects in different ways the course of France, Italy, Austria, Russia and even Great Britain, which is more than anything else responsible for the decline of the League, and which keeps before the entire globe the constant possibility of war.

The old disheartening paradoxes are as prominent as ever. Nations plunged in poverty, and using their poverty as an excuse to evade their honest debts, are spending huge sums to arm themselves to the teeth. Countries which have every reason to act together to solve their economic problems are clinging to the unworkable doctrines of self-containment and economic isolation. After supreme demonstration of the ruin which follows extreme nationalism, various peoples are whipping themselves up to a more insensate fervor than ever. August fur-

nished a breathing spell between the stormy events of July in Germany and Austria—when Europe seemed near the brink of another conflict—and whatever manoeuvrings and clashes of policy might accompany the meeting of the League Assembly in September. But the month contained little promise for the future.

In the world as a whole the depression still showed signs of lifting slightly. A report by the Foreign Policy Association on Aug. 19 declared: "Little doubt can remain regarding the existence of a world economic upswing of significant proportions." Pointing to improved conditions in Great Britain, France, Japan, Australia and Germany, the association found a consistency in the pattern of recovery which suggested the operation of similar forces everywhere. On the same day the Federal Reserve Board in its monthly bulletin noted that the decline in commercial bank loans which accompanied the advance of the depression had been checked in some of the principal foreign nations. But the optimistic headlines which the press placed over these reports were somewhat misleading.

Progress has not yet been impressive and there are significant reservations to the statement of gains. In the United States this Summer has shown

a worse-than-seasonal recession of industry. In Britain unemployment increased slightly in June and July. In France the number of registered unemployed has risen by approximately 100,000 since the Summer of 1933; and recent semi-official estimates place total unemployment in France at 880,000. As for Germany, her people are being exhorted to face hunger, cold and other privations with wartime heroism.

Moreover, where recovery has occurred it is of a somewhat peculiar sort. Gains have been most pronounced in those countries which have adopted emergency measures of a nationalistic character, and such gains promise little for the permanent revival of world trade. The Foreign Policy Association points out that the nations which have made the most striking advances are those—the British Empire, the United States, Czechoslovakia, Japan and so on—which have more or less deliberately depreciated their currencies to seek a stable price level. Various nations, with America in the lead, have restricted the production of raw materials to raise prices and the purchasing power of producers. High tariffs and import quotas in numerous countries have made necessary new construction and the development of new industries to supply goods formerly bought elsewhere. Some of the recent gains are also traceable to huge public-works programs.

But almost nothing has yet been done to set world trade upon its feet: to break down trade barriers, to stabilize exchange, or to reinvigorate international finance. Except in Australia and Japan, the Foreign Policy Association points out, the revival has therefore been almost wholly domestic in character. In some respects those nations which have climbed up a lit-

tle have done so by kicking others down. Thus the widely played game of currency depreciation has accentuated the disadvantages of those countries which hold to the gold standard. The hardship in France has provoked new proposals for scaling down the franc, while Germany, still refusing to devalue the mark, faces a darker and darker economic outlook.

Special praise, in these circumstances, should go to Secretary Hull for his work in helping to liberate world trade by a program of reciprocal tariff agreements. The treaty with Cuba signed on Aug. 24 (see page 88) is the first of a long series, for Washington announces that eight others are well under way. The Smoot-Hawley folly is being undone.

GERMAN REPUDIATION POLICY

Nowhere is economic nationalism being pushed to more extreme limits than in Germany today. And in the politico-economic sphere nothing has caused more irritation in recent months than the truculent utterances which Dr. Hjalmar Schacht has been constantly delivering. This plastic gentleman, long president of the Reichsbank, and once fairly moderate and sensible, has become a perfect mouthpiece of Nazi sentiment. Having succeeded Dr. Kurt Schmitt as Minister of Economics, he has complete charge of German banking, industry and commerce. A series of his speeches apparently herald an effort by the Reich to free itself of its principal long-term and middle-term obligations by an insolent process of repudiation. As Germany declared in 1932 that reparations were ended, so now she would like to declare that the payment of her debts to private holders is ended.

There can be little doubt as to the principal author of this attempt. Dr.

Schacht recently published an article in which he declared that no economic measures had been taken by the government without Hitler's counsel and initiative. "It was a surprise to me, as an economist, to see in the course of my practical work with Hitler how clear his ideas were on economic events and necessities. The secret of his success in the economic sphere is due entirely to the clearness and simplicity of his deductions." Evidently Hitler has reached the simple deduction that the good faith and good name of Germany are less important than saving the money required for debt payments. No creditors would object to making allowance for Germany's adverse economic condition, but for German leaders to make temporary difficulties an excuse for permanent repudiation is a different matter.

Yet it is to just this that Dr. Schacht's words point. On Aug. 15 he issued a statement which blamed "the borrowing business" for the difficulties of the Reich. In an interview with a correspondent of *The New York Times* on Aug. 25 he not only asserted that "Germany will not pay these coupons because we haven't got the money available" but intimated that she would not pay even if she had. "Fifty per cent of what we borrowed has been paid back, every cent of it. Don't forget that the other 50 per cent was transferred to the Allies, and now we are asked to transfer it a second time. Well"—and he shrugged his shoulders. On Aug. 26, in an address at Leipzig Fair, Dr. Schacht declared that foreign exporters had only themselves to blame if they had shipped goods to Germany and then found no payment forthcoming. This statement was directed particularly against British interests.

Again, on Aug. 30, he told the International Congress of Agrarian

Economists meeting at Bad Eilsen that "the political debts left over from the World War" must be "removed." A year or two ago, he added, an agreement might have been reached on the simple basis that creditor governments should take a larger volume of German goods and should at the same time reduce the debt claims. Now that has become impossible. "The marrow has been sucked from Germany's very bones"; "she can not pay even the moderated interest service," "and there is no course left but to grant Germany a complete moratorium for a period of years." The word "grant" has a comic sound. Germany will just take it.

Dr. Schacht's personal utterances ordinarily would mean little except that he has been a notorious political weathercock. For years he was an ardent democrat and an outspoken defender of majority rule; now he is the willing servant of the most absolute autocrat in Western Europe since Napoleon I. He used to defend *laissez faire*; now he has helped to put German business into a straitjacket. He was long a stanch advocate of international understanding; now he is a violent nationalist. Only four years ago, visiting New York, he assured Wall Street that Germany would pay every cent of her loans, and told the Bond Club that every investor, "on long term or on short term in industrial credits, commercial credits, or credits to the public authorities," was perfectly safe. Now he says that he warned Americans against investing and is "very, very sorry" for them. Such a man would change his mind again under a little pressure. But in these matters Dr. Schacht is plainly the mouthpiece for the dishonest Nazi group which regards all debts as "tribute" and means to slough them off, and has enlisted with Hitler in

the latter's "war against international capital." Meanwhile, the expulsion of Dorothy Thompson (Mrs. Sinclair Lewis) from the Reich for criticisms of Hitler published several years ago shows how indifferent Berlin has become to world opinion.

Condemnation of German financial policy is not confined to the United States. Financial circles in London have nothing but the "severest condemnation," in Francis W. Hirst's words, for Dr. Schacht's speech at the Leipzig Fair. Expert opinion generally blames Germany herself for her chief financial difficulties. Heavy expenditures on unremunerative public works (in 1933 the government spent 1,200,000,000 marks on public works, while industry is estimated to have spent some 3,400,000,000 marks on extensions and re-equipment); large recent imports of materials usable in war; the offense Germany's intolerant policies have given to powerful groups abroad; and attempts to maintain the currency at an artificial level—these are among the main sources of Germany's troubles.

A report published in New York on Aug. 30 by the Institute of International Finance (conducted by New York University and the Investment Bankers Association) accused the Reich of concealing her full resources for remitting money abroad. Gold and gold-exchange reserves in the Reichsbank have dwindled to small amounts, but there are other important foreign exchange reserves in the country. The institute asserted that the German external debt has been reduced by approximately 60 per cent in the last three years and is not more than 9,000,000,000 or 10,000,000,000 marks today. It also echoed Secretary Hull's charges regarding imports of war material. In the first four months of this year imports of iron and copper were

more than double those for the same period in 1932, while imports of zinc, manganese and sulphur pyrites likewise mounted inexplicably.

The German reply to Secretary Hull's remonstrances against her debt moratorium was received in Washington late in August. On Aug. 30 the State Department announced that it was thoroughly unsatisfactory. It did not even give assurances that the discrimination which now exists against American bondholders and in favor of British, French and Italian investors would not be continued. Newspapers published, side by side with the State Department announcement, a dispatch from Stockholm stating that Sweden had concluded an arrangement with Germany by which her holders of the Dawes and Young Plan bonds will obtain full interest payments based on the German export surplus to Sweden. Such news is not calculated to improve the American attitude toward the German government.

NEIGHBORS OF THE NAZIS

It is not strange that Germany's immediate neighbors exhibit a continuing distrust of her. Hitler's speech on Aug. 26 at the great demonstration in Coblenz, to which 150,000 residents of the Saar had been brought by special trains, contained a plea for Franco-German amity. One of the happiest days of his life, he said, would be that on which he welcomed back the 880,000 people of the Saar; and that event should usher in "happier times for two nations which once faced each other as enemies." The French press received this gesture frigidly. Without regard for party, the principal journals next day published scornful or suspicious editorials. Most of them offered some variation of the assertion by the *Journal des Débats*, "He is not sincere." France has no

hope that the Saar will vote for union with her, and probably little that it will vote for continuance of the League régime. But she is resentful of Nazi tactics in the valley.

There is some reason for this resentment. With the Plebiscite Commission duly erected and preliminary arrangements made for the vote in January, the atmosphere of the Saar has become ominous of storm. The head of the Governing Commission, Geoffrey G. Knox, applied to the League on Aug. 14 for an early increase of the police force from 1,000 to 3,000 men. His reasons were impressive, for after describing the increasing difficulty of maintaining order, he showed that the native Saar police force has proved utterly unreliable in dealing with the Nazis. To summon foreign troops to maintain order during the plebiscite would be a cardinal error; their mere presence would be denounced by the Germans as intimidatory. Mr. Knox recommended that the new platoons be recruited from the German-speaking areas of Switzerland and Luxemburg. The Swiss have shown some disposition to protest against being placed in such an embarrassing position, but will doubtless consent.

A fortnight later, on Sept. 1, League officials in Geneva made public another and graver complaint from Mr. Knox, with a renewed appeal for strengthening the police. He declared that he had discovered documents proving that 16,000 German residents of the Saar were receiving military training in Germany itself, while 10,000 had already been so trained in preparation for the plebiscite, and that the "German Front" in the Saar, which is in close contact with Reich authorities, has been responsible for many criminal acts. He made it clear that he could not guarantee a fair

election without a much larger force.

The Italian press early in August ceased the charges and insults it had been pouring out against the Nazi government ever since the attempted coup in Vienna on July 25. But there is ample evidence that the Italian resentment over Hitler's alleged "betrayal of Mussolini" will not quickly evaporate. The newspapers have pointed out that Hitler has failed to prove the good faith of his "hands-off-Austria" pronouncements. He has, for example, not disbanded the legion of Austrian Nazis now in German territory, nor has he prevented the renewal of the anti-Austrian broadcasting campaign from Munich.

The Fascist government has made its displeasure with the Reich evident in a number of ways. Mussolini and the new Austrian Chancellor, Kurt Schuschnigg, met on Aug. 21 in the library of the Villa de Marinis, just outside Florence. This was the fourth meeting in little more than a year between the heads of the Italian and Austrian States, a fact which in itself indicates the determination of the two governments to cooperate in upholding Austrian independence. In advance some newspapers spoke of a possible military alliance, but this was wide of the mark. An alliance would really mean an Italian protectorate; and this would arouse antagonism on every hand while deeply hurting Austrian pride.

If semi-official announcements regarding the brief conversations (they were over within six hours) can be trusted, Austrian security and Austro-Italian trade were the principal topics discussed. On the first it was agreed that Austrian independence must be maintained at all costs, and this must include complete internal autonomy; on the second, arrangements were canvassed for improving commercial re-

lations, and the two leaders expressed the hope that other Central European States would join the Italo-Austro-Hungarian economic group. It was announced quietly on Aug. 25 that Mussolini's proposed visit to Hitler's home near Munich this Fall was entirely off.

There is no doubt that Mussolini was largely responsible for Austria's long delay in accepting Franz von Papen as the German envoy in Vienna. On Aug. 7 the Austrian authorities announced that he would be received, and he reached his post on Aug. 15. But he arrived shorn of much of his prestige. Not only had the Austrian press fully aired his blunders in America during the war, and his part in breaking down the Catholic Centre in Germany, but the Austrian Government had made it clear that no special position (such as Hitler had in mind in making the appointment) would be accorded him. He arrived without parade or even great interest to take up an extremely difficult task.

EASTERN LOCARNO PROJECT

Despite much diplomatic pulling and pushing, the Franco-Russian plan for an Eastern Locarno made no perceptible progress during August. It has the blessing of Great Britain and Italy, though they would not be signatories. Some believe that it holds golden possibilities, that it might serve as a lever to bring Germany back to Geneva, to restore power to the League and to reanimate the plans for disarmament. But throughout the month Germany and Poland alike turned a cold shoulder toward it.

German hostility is natural. It is difficult to imagine the Reich, fundamentally opposed as she is to confinement within her present eastern boundaries, agreeing to an all-round guarantee of the status quo in that part

of the world. To do so would be equivalent almost to signing a new Versailles treaty.

As for Poland, she has powerful motives for a similar attitude. Up to the end of August she had not answered the French request for a speedy elucidation of her position. The Premier and Marshal Pilsudski had both been absent from Warsaw and there were other obstacles, perhaps in part invented. Poland is pleased with her recent German treaty and is anxious not to offend the Reich unnecessarily. She has likewise a promise that the Soviet Union will abstain from aggression for ten years. She believes she stands to gain little or nothing from the proposed treaty, while she would take on the liability of helping her neighbors (Estonia, Latvia, Czechoslovakia and possibly even Lithuania and Rumania) in the event of trouble. Since Poland is ambitious to play a strong rôle of her own in Eastern Europe, she is fearful lest the treaty make her a mere tail to the Franco-Russian kite.

It is clear that France has been trying to coax Poland into the new compact; but Poland nurses a number of grievances which make her unresponsive. One has to do with the precarious position of Polish laborers in France. Their number is placed as high as 600,000 and unemployment has meant severe hardship to them. Particularly is Poland concerned over the fate of about 100,000 miners in French pits, most of them taken to France under contract. Thousands have been deported and thousands more face the same action, a source of much bitterness beyond the Vistula.

Another reason for Polish irritation is the unwillingness of French financiers to risk loans in Poland. While billions of francs have gone to other

countries, the Poles have received almost nothing. It is significant that on Aug. 30 Paris announced that the Bank of France was placing a credit of \$33,000,000 at the disposal of the Bank of Poland. Political circles in Warsaw would not admit that there is any connection between this and the Eastern Locarno question; but the loan might do much to sweeten the Polish temper.

Whether an Eastern Locarno would have any real value for the world is a question upon which observers sharply disagree. It can be pointed out that the original Locarno Pact did nothing to further disarmament, and left France still without a sense of security. The report that Rumania was left out of the original plan because Russia would not guarantee the status quo for Bessarabia, and the other report that the plan for a "Mediterranean Locarno" had been dropped because Mussolini was unwilling to accept certain frontiers in which Italy is interested, indicate how national selfishness may limit such undertakings. And there is grave doubt whether the League is not more weakened than strengthened by these regional agreements, whether a mutual assistance pact does not come pretty near being a military alliance.

TWO GAINS FOR THE LEAGUE

As August closed it was accepted as virtually certain that the Soviet Union would be admitted to the League at the September meeting of the Assembly. Downing Street announced on Aug. 30 that Great Britain, France and Italy were making inquiries at various capitals "regarding the attitude of some governments toward Russia's admission." We can only guess at these capitals. But it had been said that Switzerland, Belgium, Holland, Hungary, some Latin-Ameri-

can States and Canada were inclined to object to the entrance of Russia. Under the Covenant, two-thirds of the Assembly may admit a new member to the League. It would therefore require eighteen dissenting votes to exclude Russia, and no one believed that number could be found. Since even a dozen black balls would give a bad impression, Britain, France and Italy were nipping opposition in the bud, and were dropping hints in the various capitals that abstention from voting would be better than voting No.

A somewhat different question was presented by Russia's expectation of a permanent seat on the Council. She would of course not enter the League unless she were assured such a place. But a unanimous vote of the Council members is required to elect a nation to a permanent seat. Poland, now holding only a temporary place, renewed annually by the Assembly, and ambitious for a permanent seat, might expect a *quid pro quo* for joining in a unanimous vote. If she wished, she could veto the Russian candidacy as Brazil in March, 1926, temporarily vetoed the proposal for a German seat. No doubt the powers were taking precautions in this matter also during August. The great gain to the League and to world peace represented by Russia's admission was too important to be imperilled at the last moment. It may be noted that the United States used to be reminded that her principal companions outside the League gate were Mexico, Turkey and Russia. Mexico was admitted in 1930, and Turkey in 1932. But we still have companions—Hitler's government and the conquerors of Manchukuo.

A momentous forward step was taken by the United States in its relations with the League when on Aug. 20 Prentiss B. Gilbert, American consul at Geneva, signified our official

acceptance of the invitation to become a member of the International Labor Organization. This step roused enthusiasm in labor circles the world over. It was announced at the same time that President Roosevelt would soon appoint a representative to sit with the organization. As a matter of fact, American entrance into this body has been deplorably tardy.

The International Labor Organization was American in origin. The primary impulse for its establishment came from a resolution of the American Federation of Labor adopted in 1914, and the charter of the organization, drafted at the Paris Conference, owed more to Samuel Gompers and James T. Shotwell than to perhaps any one else. The International Labor Organization has a permanent headquarters in a building separate from the League; it has a permanent staff known as the International Labor Office, which is about as large as the Secretariat of the League; and it has a capable director, the Englishman, Harold Butler. Though the governing body of the organization has already been chosen for the next three years, three nations have agreed to surrender to the United States their seats for government, employer and worker delegates, respectively. For some years the American Federation of Labor has collaborated actively but unofficially with the I. L. O., while various American employers have also lent a hand. From now on the United States will be in a position to lend its full support to the great movement centring in Geneva to raise the labor of all nations to proper living standards.

In some other international fields there was much activity during the month. The Wheat Advisory Committee was at work in London from Aug.

14 to Aug. 23. Delegates of fifteen countries were told that the world faced a carry-over, despite the drought, of more than 1,000,000,000 bushels of wheat at the start of the new cereal year. The meeting finally adjourned to convene again in Budapest on Nov. 20. It had come to no important conclusion save a recommendation that the present wheat agreement, which expires on July 31 of next year, be extended to July 31, 1937. No new export quotas were fixed, but it is hoped that this can be done at Budapest.

NAVAL DISCUSSIONS

Throughout the month various leaders prominent in naval affairs contributed to the running discussion of the problems which the naval conference of 1935 will have to consider. Most of these contributions, as might have been expected, were of a kind to excite pessimism. The suggestion of Secretary Swanson on Aug. 1 that all the powers which had signed the London Naval Treaty reduce their naval armaments by 20 per cent was promptly rejected as impossible by Japanese naval officers. Admiral Beatty made an unhappy speech on Aug. 4 in which he asked Britain to "throw off the shackles of international agreements" and build a much more formidable navy. And on Aug. 29 the spokesman of the Japanese Foreign Office declared that Japan would abrogate the Washington Naval Treaty unless the powers gave favorable consideration to a new scheme she was drafting. There were various other indications of Japanese hostility to the present ratio. But it is helpful to recall that at this early stage a great deal of loose talk can be indulged in everywhere without doing essential harm to the objects of next year's conference.

The Politics of Our Depression

By CHARLES A. BEARD

THE impressive feature of the political campaign in the United States in the early Autumn was not any formula employed by politicians and directors of affairs. To judge by their words, they imagined that something was being done when slogans such as "bureaucracy," "regimentation" and "the forgotten man" were recited with emphasis and vociferation. The significant event of the campaign lay deeper in the turmoil. It was the compilation and circulation of figures showing just how much money the various States and sections had secured from the public treasury in the form of relief funds.

Long ago candidates for Congress cited the pensions, post offices and harbor and river improvements they had won for their respective constituents. Now they have, in addition to the historic staples, a new list of "benefactions" to present: Relief funds for the unemployed, loans to farmers, grants to home owners, aid to banks, work done by the CCC for the varicous neighborhoods, checks sent to farmers for curtailing crops. It is openly boasted that all, or practically all, the funds for relief in some States and sections come from Federal sources.

As usual the economic appeal is not confined to either of the great political parties that divide the country. Candidates on both sides refer to the millions of people on poor relief rolls, and the millions of dollars distributed monthly. They contend with one another over achievements and promises. When Henry P. Fletcher, chair-

man of the Republican National Committee, issued a broadside on the subject late in July, he accused the Democrats of using relief and drought funds for political purposes—"a great campaign fund" drawn from "the thrifty"—but he did not propose to stop the whole business. Nor did he suggest any other plan for dealing with the millions of destitute and hungry people. The burden of his argument was that the Democrats were employing doles and loans for their partisan ends. Secretary Wallace denounced Mr. Fletcher's statement as "contemptible." About the same time the RFC announced that a payment of some size had been made by Charles G. Dawes's bank on the huge loan obtained during the Hoover administration. Reports from relief agencies indicated a growth in the number of unemployable men and women. As in the last days of old Rome, it seemed easier for leaders in affairs to feed the population than to find ways and means by which it could earn a living by labor.

The old faith in the power of increasing debts to raise the standard of life was also maintained unimpaired. To the apparatus for lending money to farmers, created in the administration of Woodrow Wilson and enlarged under Presidents Coolidge and Hoover, and to the other lending devices, established under President Hoover and supplemented under President Roosevelt, was added in August the Federal Housing Administration. The launching of the new agency was preceded by an announcement by Secretary

Roper to the effect that there was a "shortage" of 5,000,000 habitable dwellings in the United States, that millions of houses were in need of repairs, and that "thousands of others are unfit for human habitation"—one of the few under-statements made during the political season. Having virtually abandoned the idea of a broad attack on slums in town and country, the Housing Administration started a nation-wide campaign to get present home owners more deeply in debt. In this propaganda the zeal of real estate, building and loan, banking, contracting and building interests was enlisted. With \$1,000,000,000 of Federal money available and a substantial Federal guarantee against loss at hand, with a new bureaucratic division set up, a hopeful search was made around the corner for the long-delayed prosperity.

In the dreary economic scene only one feature encouraging to business enterprise appeared. That was a substantial rise of industrial profits available for dividends. But this was not without offsetting troubles. It was not marked by a corresponding rise in industrial production, employment and buying power. It seemed to grow rather out of the price-control operations under NRA and to offer no guarantee that business had started for a long pull upgrade.

Another offsetting disadvantage was the color which it lent to movements on the part of labor for wage increases. While some of the strikes that raged in the Summer were "settled," new strikes appeared. Most of the latter were purely local in character, but on Sept. 1, a general strike in the textile industry opened, involving more than 640,000 workers. On Sept. 5 President Roosevelt named a special board for purposes of mediation. The truck strike in Minneapolis was ad-

justed by Federal conciliators, on terms somewhat favorable to unionism. Announcements were made respecting the "settlement" of the long-shoremen's strike in San Francisco, but intransigent minorities tried to keep up the fight. A stockyards strike in Chicago was ended by General Hugh S. Johnson through an agreement in which, he said, "both sides won." At all events non-union men, employed as strike-breakers, were immediately discharged. Labor relations in the steel industry continued uncertain and its leaders threatened to abandon the code system.

While political and business leaders tossed to and fro in efforts to set the American economic machine in swifter motion, the indices of economic activity remained persistently on a low level, without much vibration. The weekly graph published in *The New York Times*, based on major economic transactions, showed a tendency in physical production and physical distribution to run roughly along the 80-per-cent line. Heaviness rather than buoyancy characterized the course of industry. The deliberate channeling of money into the hands of farmers by crop-reduction agreements and the processing taxes undoubtedly raised the proportion of wealth poured into agriculture; but that was offset to some extent by higher prices for industrial commodities. The difficulties of agriculture were also augmented by the widespread drought of July and August, although it promised a later enhancement of prices for farm products.

According to findings of the Department of Agriculture, the drought area involved "more than half the United States" and "about 400,000 families, including 1,600,000 individuals." The disaster was especially severe in Missouri, where 81 of 114

counties were placed in the primary section of Federal relief, and in Oklahoma, where every county was placed on Federal relief. Texas reported 18,000,000 hungry cattle, sheep and goats. The visible supply of wheat, corn, oats and hay was materially reduced, prices rose, and President Roosevelt placed himself at the head of activities designed to prevent exploitation of the consumers under the guise of necessity due to diminished supplies. August showers afforded some aid to the parched regions, but the crop damage was undoubtedly immense. In coping with the disaster the Federal Government shipped cattle from the drought areas, killed a large number for beef, supplied funds to the suffering and lowered tariff barriers on certain imports. Naturally, this emergency raised anew the discussion pertaining to the reduction program of the AAA.

The new National Labor Relations Board went into action in other cases with a swing that indicated an important development under Section 7a of the National Industrial Recovery Act. In August it ordered the Tamaqua (Pa.) Underwear Company to reinstate sixty-one employees, members of the Amalgamated Clothing Workers Union, who had been excluded on the ground that the company had a closed-shop contract with its company union. This decision was interpreted to mean that company unions cannot be made exclusive. In another case the board dealt with a company which refused to bargain collectively with a workers' union and which insisted on individual contracts with its employees. The board ruled that such individual contracts were inconsistent with Section 7a. Still more significantly, the board declared on Sept. 1, in the Houde Engineering Corporation case, that the representatives

chosen by a majority in any particular instance should be "the exclusive bargaining agency of all employees" in the enterprise involved, although minority rights were to be protected. Whether the board can enforce such decisions remains to be seen. Enforcement is the crux of the matter.

If reports from many sources correctly reflect the situation in the labor world, then current industrial disturbances are decidedly marked by uprisings among the younger generation against the traditional leadership in the American Federation of Labor. That generation is more radical and more intransigent. It seems to be especially vocal among the thousands of new members who have entered the A. F. of L. unions since 1933.

That it is exerting heavy pressure on high officials in the A. F. of L. was evident in the announcement made in connection with its executive council meeting at Atlantic City in August. Just previously William Green, president of the Federation, had stated publicly that organized labor would support President Roosevelt's plans for social insurance and fight off efforts to "scuttle" it. At Atlantic City Mr. Green declared that private industry had "virtually abdicated" in the presence of 10,000,000 unemployed workers. Then he asked questions cast in a form entirely novel in high A. F. of L. circles: "Will it be necessary for society to take over the means of production? Will the government be forced, because of industry's failure, to invite the willing and eager workers to march into the idle shops and throw the levers of the machines that will pour out again the endless amount of goods our people require? * * * These are questions which industry must ponder before it is too late." Thus the president of the A. F. of L. came to the issue pre-

sented to the National Electrical Manufacturers Association by Gerard Swope on Sept. 16, 1931: "I say that industry must do this thing [provide employment and security] because it surely will be done [by industry or the State]." About the same time officials of the A. F. of L. announced that they intended to wage "relentless war" on the "Reds" boring within the unions.

Faced by the evident failure of measures thus far taken to cope with the huge volume of unemployment and confronted by growing criticism, the Roosevelt administration took certain new steps and announced that preparation of larger plans was proceeding rapidly. Late in July Henry P. Fletcher, on the Republican side, had stated that "opposition to the New Deal is increasing" and that "small business men are making contributions to the Republican cause." In August, General Johnson modified NRA rules so as to exempt all employers in fifteen retail trades and services in towns of 2,500 or less population from code regulations, except as to the child-labor ban and collective bargaining with employees. At the same time it was made known that the new Industrial Appeals Board of the NRA would start functioning to hear protests and objections from "the little fellow"—the object of solicitude on the part of Senator Borah and the late Darrow committee. Apart from labor troubles and minor controversies with individual concerns and certain small industries, no significant incidents marked the course of the NRA.

With a view to giving industry "another shot in the arm" or placating insistent Senators battling for their political lives in the "silver" States, or both, President Roosevelt on Aug 9 nationalized silver under the Silver Purchase Act of June 19. Possessors

of silver bullion were ordered to turn their holdings over to the Treasury within ninety days in return for payment at the rate of 50.01 cents an ounce. Exceptions were made of silver in industry, in the arts, in coins, and in certain other objects. When Secretary Morgenthau was asked whether this meant inflation, he replied cryptically: "What is inflation?" An air of mystery shrouded the operation. Was this merely a first step to free coinage at a ratio of sixteen to one? Did President Roosevelt actually believe in the possibility of recovery through an increase in silver notes? Or, convinced of the futility of the silver gesture, did he feel himself too weak to take a stand against the silver Senators and Representatives? Or was he waiting on Providence? By no process could official answers to these questions be pried out of the White House.

Whatever may happen to industry in general, statements from the Nye committee investigating munition concerns indicated a movement in favor of government ownership of munitions plants. At a session held in Washington on Sept. 4 the committee brought out an instalment of testimony connecting the Electric Boat Company with Vickers, Ltd., in Great Britain and revealing an apportionment of business, with Sir Basil Zaharoff, "the munitions wizard," of international fame, in the background.

Apart from plans and promises for the future, the Roosevelt administration offered one completed performance to the country in August—an agreement modifying tariff rates on trade between the United States and Cuba, consummated under the Reciprocal Tariff Act. At the same time it was announced that negotiations with other countries were in process. In a special feature article in *The New*

York Times of Aug. 26, A. A. Berle Jr., who may be regarded as among the unofficial spokesmen of the government, declared that this agreement marked the "entrance by America into the great game of handling trade currents" by technical manipulation. The United States, he continued, is moving toward a policy of "breaking through the strangling barriers to foreign trade."

Just how the administration can, by any management of tariffs, find an outlet for the alleged "surpluses" of agricultural produce and manufactures, Mr. Berle did not make evident. The idea that it cannot be done by any method whatever does not seem to have occurred to him. If he is really speaking for the administration, then it is cherishing the ancient delusion, entertained by imperialists and free traders alike, that markets for the swelling potentials of technology can be found abroad. The upshot of its operations along these lines is likely to be a sharp conflict among domestic interests affected, adding one more burden to the load under which the administration will stagger in 1936.

Although no new measures of wide-reaching effect were adopted by the administration, unless the "nationalization" of silver be regarded as such, the news from day to day indicated no signs of retreat from the previously announced determination to employ government agencies and funds in coping with relief and to bring industry and agriculture into some kind of organization affording "security" to the people.

Speaking at the Bonneville (Ore.) project, on his return from Hawaii, President Roosevelt reiterated his interest in "advantages for mankind, good education, some play, and, above all, a chance for the people to live their own lives without wondering

what is going to happen tomorrow. Security for old age. Security against the ills and accidents that come to people. Above all, security to earn your own living." This "dream for America" he referred to again in twitting the new American Liberty League about its affection for property rights and its failure to emphasize responsibilities to neighbors. The President, in his Bonneville address, also announced: "The power we are developing here is going to be power which for all time is going to be controlled by the government." Then he added that he was creating on the Colorado River, the Tennessee River and the Columbia River "yardsticks" so that "the people of this country will know whether they are paying the proper price for electricity." Another yardstick, he continued, is to be started on the St. Lawrence.

In the meantime the prospects of more collective efforts to deal with the crisis in economy were hinted at by members of the administration. Speaking at a farmers' rally in Illinois, Henry A. Wallace, the Secretary of Agriculture, declared himself in favor of a "national economic council" to coordinate the activities of the AAA and the NRA. This council, he suggested, should consist of representatives of agriculture, industry, labor and the consuming public, with the government acting as a referee. Its function would be to cover and stabilize industrial and agrarian activities in respect of both domestic economy and foreign trade. Conceding that both political parties were "high-tariff-minded," Mr. Wallace saw little likelihood of opening outlets for agricultural produce abroad by lowering tariff barriers and accepted some radical domestic adjustment as the best hope for raising buying power at home.

From the National Recovery Administration no large projects emerged. There were, however, new squabbles between General Johnson and Donald Richberg, counsel for the NRA. The General threatened to resign again, but on Aug. 28 it was announced that he would stay and that his salary had been increased to \$15,000. There were hints that the NRA might be placed in the hands of a board, that codes would be reduced in number and simplified, and that recovery agencies might be consolidated. The President stated publicly that new plans were forthcoming and that agreement had been reached on most points, except the place of the anti-trust laws in the scheme, but that was about equivalent to saying that the play was ready except for Hamlet himself.

Evidence that the President had no intention of "scrapping" his great recovery agencies became cumulative in the discussions of the tentative report presented to him on Aug. 21 by Donald Richberg for the Industrial Emergency Committee. This report called for the coordination of the AAA and the NRA "to maintain a balanced control of industry and agriculture"; the coordination of housing, relief, public works and other agencies as supports for the industrial and agricultural program; the elimination of conflicts between the NRA, the Federal Trade Commission and the Department of Justice, and the development of "clear-cut policies for all government agencies." If the President finally accepts the tentative report, at least in its fundamentals, this will mean that he intends to continue along the lines of economic integration on which he set out in the Spring of 1933. Should this prove to be the case, then the next Congress will be compelled to make some choices of first magnitude among alternatives of policy.

While the President and his advisers were forging new plans for the NRA and the AAA, for social insurance, and for attacking the depression from other angles, editors, publicists, statesmen and politicians were busy trying to make the impending issue of 1936 a battle between "collectivism" and historic "individualism." At a meeting of nearly 5,000 persons near the grave of Calvin Coolidge, on Aug. 3, J. M. Beck and Senator W. R. Austin assailed the New Deal in vigorous language. Several days later Senator Fess, speaking in Ohio, took the same line and contended that President Roosevelt had taken eight items of his program from the Socialist platform and only two from the platform of his own party. This view was not confined to the Republican side. Governor Joseph B. Ely, speaking at the Governors' conference, declared that the logical outcome of the NRA was "a socialistic State."

Another sign of impending cleavage appeared on Aug. 22, when announcement was made that an American Liberty League had been formed, under the leadership of John W. Davis, Irénée du Pont, Alfred E. Smith, Nathan L. Miller and James W. Wadsworth, for the purpose of upholding the Constitution, preserving liberty of person and property, fostering "the right to work, earn, save and acquire property" and preserving the "ownership and lawful use of property when acquired." This league, it was explained, is to enroll a large membership and carry on "educational" work. The names of the gentlemen associated with it seemed to guarantee a conservative view of the current political situation, and hence it was interpreted to mean the launching of a "nonpartisan" attack on the New Deal and its works. Radicals wanted to know whether the league would help to pre-

serve personal liberties in labor disputes and how it could assure "the right to work" to millions of unemployed. Yet with adequate financial support and under such sponsorship, the league could clearly become a powerful wedge in splitting the country into an extreme Right and an extreme Left.

It is true that none of the eminent authorities in the new league presented a bill of particulars. They did not enumerate the acts of Congress which they proposed to repeal. In assailing government intervention in business they did not say whether they proposed to abolish the protective tariff, subsidies to shipping, bounties to aviation, naval protection for commercial promotion abroad, and thousands of acts "interfering with business" adopted by Congress and State Legislatures under Republican and Democratic leadership during the past hundred years. Nor were they all prepared to make a clean sweep of the New Deal and its works. But they assumed that the American economic system was sound at heart and would leap forward to new prosperity if released from the hampering limitations of "collectivist" control. At the same time they neglected to take note of the large Republican vote in Congress favoring practically every one of the New Deal measures. In proceeding in this direction, it may be that political managers may force an alignment of the electorate in 1936 on the issue of individualism versus collectivism, with fateful consequences to themselves and the country.

In the lower ranges of national politics, that is, in the party battles of the respective States, no clear tendencies emerged. Though facing a revolt in Democratic ranks, Governor Cross of

Connecticut seemed to think that what he called "a war on the Reds" was the leading issue of the State, judging by his address at a session of the American Legion. On the Pacific Coast the most startling event was the overwhelming victory of Upton Sinclair in the contest over the nomination of a Democratic candidate for Governor. Whether the establishment of a virtual dictatorship under forms of law in Louisiana by Senator Huey Long or the squabble between Governor Oleson and Governor Langer in North Dakota were mere battles of kites and crows or indicated a decline of capacity for self-government could not be determined by reference to any available facts. Naturally the eyes of regular politicians were concentrated on the election in Maine, although scientific studies of that phenomenon have demonstrated that it is no sure index to coming political events.

On the whole the primary election returns left "confusion worse confounded." Regulars in neither party found consolation or enlightenment in them. In fact consolation and enlightenment were scarce all around. For example, the nomination of Hiram Johnson for the Senate as the candidate of the Democratic, Republican and Progressive parties in California, with the endorsement of William Randolph Hearst and the approval of President Roosevelt, could not be interpreted to mean anything, except, perhaps, the temporary discomfiture of conservative Republicans. President Roosevelt watched the veering flaw blow now west, now south, refusing as a general rule to intervene, as if he were looking to some political cleavage beyond the vision of the subtractors and dividers of ordinary politics.

Canada's Growing Unrest

By J. BARTLET BREBNER

Assistant Professor of History, Columbia University

THE innocent or calculated political indiscretions of H. H. Stevens, Canadian Minister of Trade and Commerce, effectively dispelled the usual Summer doldrums of Ottawa. On or about Aug. 3 he had multigraphed at his own expense, but in the form used by the Dominion Bureau of Statistics, some 4,000 copies of the revised version of a speech which he had made to a study group of Conservative members of Parliament. Written in an intimate, conversational style, it amounted to a vivid account of how the injustices in Canadian economic life had converted him to the belief that remedies must be applied at once. Names and specific instances of abuse were cited with the utmost freedom and were supported by quotations from the evidence before the Parliamentary committee on price spreads and mass buying (since converted into a Royal Commission), of which Mr. Stevens was, and continued to be, chairman. No reference to the speech was made in the Canadian press until *The New York Times* published the story on Aug. 4. The fat was then in the fire. Thereafter the Canadian newspapers could not ignore the matter.

Canadian business, after having been alarmed by the shocking revelations before the Parliamentary committee, was still more apprehensive of the Royal Commission. Now there seemed to be a chance to get rid of the arch-enemy. It was pointed out that Mr. Stevens had acted without

informing his Cabinet colleagues and, although chairman of a fact-finding commission, had been partial in publishing charges against firms and individuals who had had no chance of rebuttal. He should, it was said, resign from the commission or the Cabinet or both. There were hints of libel suits against him and the newspapers which published his statements. Meanwhile, Mr. Stevens had left for a speaking tour in British Columbia, bearing with him 2,000 copies of the speech.

The events of the next three weeks were more amusing than informative. Prime Minister Bennett, after ordering the suppression of all copies of the pamphlet which could be found in and near Ottawa, reached Mr. Stevens in Winnipeg by telephone. Mr. Stevens promptly avoided resignation from the Cabinet by formally expressing regret for the publication of a document intended chiefly for studious Conservatives. He said he aimed neither at the party leadership nor at the creation of a new party. He himself somewhat altered his tone, by abandoning particular accusations for the more general.

On Aug 7, the *Winnipeg Free Press* published a substantial summary of the pamphlet, accompanied by rather elaborate justifications for so doing, and was followed by three other Western papers. Thereafter it proved impossible to smother the affair. Mr. Bennett, during the succeeding weeks, laconically withstood a bombardment of questions in Ottawa, while Mr. Ste-

vens continued to preach his gospel in British Columbia and Alberta. He escaped meeting Mr. Bennett, and by the end of the month he had decided not to resign from the Royal Commission. The elaborate and persistent campaigns against him in the press and the lobbies had failed completely.

That this should happen under the dictatorial leadership of the Conservative Prime Minister excited widespread speculation. Mr. Stevens's reputation for sincerity was borne out by the indignation in his pamphlet over the sad results to farmers, workers and investors of over-capitalization in business and of monopolistic buying. He declared that he wanted business and industry to regulate themselves, but not as in the United States, where he thought regulation was "too much from the top down." "I admit," he said in Vancouver on Aug. 14, "I don't think this will be done and I think the government will have to do something." It is not hard to understand the embarrassment of the Conservative party fund managers, who have only big business to turn to for financial aid.

Events disproved many of the speculations over the meaning of the whole incident, and left one quite reasonable interpretation. The tenure of the present Federal Government expires next month. During the last twelve months, Provincial elections in Nova Scotia, Ontario, Saskatchewan and British Columbia have been overwhelmingly anti-Conservative. The past year's legislation, including the Natural Products Marketing Act, the Central Bank Act, and mortgage relief for farmers, has failed to win support. Five Ontario Federal by-elections were to be held on Sept. 24, when the appeal of Mr. Stevens's ideas could be assessed. Meanwhile, the liberal governments in the Provinces must

act under the critical eyes of the voters.

The sustained economic recovery of the past eighteen months is now being stimulated by \$40,000,000 spent on public works and by the gradual expansion of \$53,000,000 in the Federal note issue. Camilien Houde, the popular Mayor of Montreal, has been in Ottawa angling for a Conservative alliance with a new party designed to break the Liberal hold on Quebec. Mr. Bennett, after attending the League of Nations meeting, may return from Europe in October to a changed scene. If Conservative efforts fail, he has let it be known that he would like to resign the party leadership, but it is conceivable that he would also like to represent Canada at the imperial conference in London next year, when the Ottawa agreements come up for revision.

The historical significance of these events for Canada is difficult to estimate, for the antipathy to the Conservatives has evoked constructive suggestions only from the minority Socialist party. The Liberals have studiously avoided particular commitments out of which electoral issues could be created. Business has been frightened by Mr. Stevens into a considerable number of reforms, but has also relapsed from some of them and has anticipated the Royal Commission by all manner of legal advice and internal house-cleaning. Canada would seem to be following her old trend toward extensive State intervention in economic enterprise, with a critical eye on the experience of the United Kingdom and the United States. The Socialists have recently done a great deal to educate the voters in Canadian conditions and world trends.

On the whole, therefore, dispassionate observers were inclined to believe that Canada would be committed

to codes of industrial fair practice and to extensive regulation of the marketing of natural products, irrespective of the party in office. She would be relatively helpless, however, in controlling the prices of world commodities like wheat, metals and wood-products, and could affect the perpetual pull and push of New York and London on her dollar only by elaborate manipulation of the national credit. The new central bank was designed as an instrument to aid as much as possible in currency control.

The recent political turmoil, combined with widespread labor unrest, vague general discontent and the studied diffidence of the Liberals, has created a splendid opportunity for the Socialists of the Cooperative Commonwealth Federation. At their second annual convention in Winnipeg they abbreviated their over-long Regina manifesto of 1933 into half a dozen planks designed to win farm and labor support. Their party forms the small official Opposition in British Columbia and in Saskatchewan; it is poor, and it is almost destitute of means of popular appeal. Yet its opponents, no longer frightened lest it immediately upset the two-party system, admit that it has won some middle-class support and they have not been above stealing electoral arrows from the bursting Regina quiver.

DROUGHT RISKS IN CANADA

Thirty years ago the late Professor James Mavor, in reporting to the British Government on the agricultural potentialities of the Canadian West, expressed the unpopular belief that it would be dangerous to allow settlement in a large part of it because of the risk of drought. The last four years have proved him to be right. A great triangle of land with its base near the international boundary in

Southern Manitoba, Saskatchewan and Alberta and its apex south of Saskatoon, has been reduced almost to desert by drought and wind. The July-August drought of this year has again thrown most of the settlers there upon public relief.

Agricultural experts would like to have most of the population removed to escape the inevitable recurrence, while they attempt by strip-planting and special grasses to create a topsoil that would at least be suitable for cattle ranges. The people themselves, with substantial farmsteads and with the habitual optimism of North American wheat farmers, naturally are loath to pioneer again farther north and few have accepted assistance for such a move. During August, therefore, the Federal and Provincial governments arranged with the railways for joint assistance in moving cattle and horses to better pasture and supplying feed and forage to farmers who felt that they could at least water their stock. Various proposals for Canadian or Canadian-American irrigation construction in the region have had to be ignored because the cost could not nearly be justified at the present level of commodity prices.

The burden of drought relief, added to the existing load of unemployment relief, is beyond the capacity of the Western Provinces to bear. Though the Federal Government has come to their aid with direct monthly grants and loans, the recent low interest rates for money have created a demand for assistance in conversion and refunding operations along Australian lines. At Ottawa there were indications that something of the sort might be favored. Since it would, however, entail Federal supervision of Provincial finance, it would be unpalatable and will therefore have to come slowly.

Nevertheless, the drought has helped Canadian agriculture by making it likely that the world wheat surplus will have disappeared by the opening of the new Northern crop season on Aug. 1, 1935. This prediction was made by the Federal grain operator, J. I. McFarland, on his return after the failure of the International Wheat Conference in London to agree on national export quotas. He felt that wheat would have to be used for feed and that Canadian farmers might expect better prices.

Yet the price for near futures in August fell close to 81 cents from 95 cents a bushel, without any remarkable expansion in exports. Total exports for the year 1933-34 were about 70,000 bushels less than the year before, and the visible supply at the end of August was only 8,000,000 bushels less. A substantial body of Western opinion wanted to drop the effort to reach international control regulations and there was a good deal of resentment over the way in which Liverpool had been able to keep down the Canadian price by accepting the wholesale Argentinian offerings. It might be noted that President Roosevelt's order admitting cattle feed from Canada duty-free had little effect, because Canada found it necessary to conserve and distribute the supply for her own needs.

CONSTITUTIONAL REVISION?

The depression, because of heavy Provincial requirements for Federal aid, has had visible effects both in forcing the Canadian federation toward a unitary basis and in accentuating State intervention. Both these movements have clashed with the provisions of a Constitution allocating to the Provinces matters concerning "property and civil rights." In addi-

tion, sixty-seven years of treasury-raiding plus the last five years of Federal assistance in unemployment relief have made a sad mess of the system of Provincial subsidies. Mr. Bennett, who has put himself on record as favoring constitutional revision as a necessary preliminary to social legislation, used the Federal-Provincial conference at the end of July as an occasion to launch the movement, and he has called another expressly to consider the question after his return from Geneva. Prime Minister Taschereau of Quebec left the last conference in a huff. His Province objects to alterations in what it regards as the Magna Carta of French-Canadian rights, but the Dominion has acquired great leverage from its financial power, so that the moment seems ripe for a thoroughgoing reconsideration of the Constitution.

THE ECONOMIC SCENE

Canada is being confronted with the economic anomalies which seem to accompany recovery. Thus, at the beginning of July her employment index was 101 on a 1926 base and yet 1,133,606 persons out of a population of about 10,000,000 were on relief, as compared with the 1,202,844 a year before. The general economic index for the week ending Aug. 18 was the highest since January, 1933. Carloadings for the week ending Aug. 25 broke through the corresponding figures for 1933 and 1932 to surpass those of 1931, despite a harvest which was only 63 per cent of normal. Foreign trade for July, with exports worth \$56,787,000 and imports worth \$44,146,000, was down from June, but well above 1933. Obviously social and economic dislocations will accompany reviving prosperity and time and effort will be required to iron them out.

Cuba and the Good-Neighbor Policy

By CHARLES W. HACKETT

Professor of Latin-American History, University of Texas

THE Roosevelt Administration continues to show concrete proofs of the sincerity of its "good-neighbor" policy toward Latin America, and particularly toward Cuba. Its refusal, during the disorders that followed the fall of former President Machado, to invoke the Platt Amendment was followed last May by the elimination of that disturbing factor in Cuban-American relations. The new treaty then signed gave Cuba its full sovereignty for the first time.

But Cuba, though sovereign, continues to be racked by political turmoil and by violence, and this unhappy condition is mainly due to economic conditions. While keeping American as well as Cuban interests in mind, our State Department negotiated and on Aug. 24 signed with Cuban representatives a new trade agreement. Ratified by the Cuban Cabinet on Aug. 27, it is the first reciprocal commercial treaty to be negotiated under the authority of the Trade Agreements Act passed by Congress on June 12, 1934.

Secretary of State Hull explained that the agreement was designed "to restore the once flourishing trade between the two countries, now reduced to a fraction of its former amount." How much this trade suffered can be seen from the fact that it declined from \$493,836,000 in 1924 to \$79,786,000 in 1933. During the same period the value of American exports to Cuba fell from \$191,571,000 to \$22,694,000. Even if all possible allowance

be made for the ravages of the world depression, these declines must be regarded as abnormal.

Under the agreement Cuba makes concessions in regard to 426 items of United States origin, granting duty reductions and preferentials of from 20 to 60 per cent. In return the United States grants large tariff reductions to the chief Cuban products—sugar, rum and tobacco—and makes seasonal reductions in the rates on fresh fruits and vegetables.

Dr. John Lee Coulter, former member of the United States Tariff Commission, estimates that the concessions accorded to Cuba should add about \$50,000,000 to the island's income during the first year.

Labor troubles meanwhile continued to disturb Cuba late in July and throughout the month of August. On July 29, 5,000 omnibus workers went out on strike in Havana in protest against the frequent arrest of many of their number and the discharge of some of those arrested. A dispute on Aug. 2 among members and directors of the Street Car Motormen and Conductors Union over the allotment of 100 jobs then available with the Havana Electric Railways Company culminated in a shooting in which four men were wounded.

The American-owned Cuban Telephone Company on Aug. 8 surrendered its \$28,000,000 properties to the Cuban Government on the ground that it was unable to operate them because of the government's insistence that it

re-employ 256 leaders in a recent strike against the company. Government representatives at once took charge and started operation of the utility. But government operation proved expensive, for on Aug. 18 an emergency appropriation of \$127,260 was voted by the Cuban Cabinet to meet the August expenses of the company. Receipts of the company up to the time the government took charge had decreased so much that it had been necessary to obtain funds from the United States in order to continue operations.

A strike of employees of the Department of Communications on Aug. 11 tied up mail service and government telegraph service in Havana and the army was obliged to take over the main post office. The employees had demanded the restoration of the seniority system, the dismissal of several chiefs of departments who had been followers of former President Machado and the payment of three months' back salaries. An ultimatum to the striking employees to return to work or be discharged expired on Aug. 14. About 20 per cent returned to their posts, but the strike continued to paralyze the mail and telegraph service of the island. On Aug. 21 Cuban railway employees refused to transport mail handled by strike-breakers or troops after noon on Aug. 22, and progressive sympathetic strikes of twenty-four hours each were voted by thirty-two unions. Among those affected were stevedores, tobacco, textile and omnibus workers and truck drivers.

As the walkout and sympathetic strikes were causing immense losses to trade and industry, President Mendieta instructed Secretary of the Treasury Gabriel Landa on Aug. 26 to bring about a settlement "at any cost." Secretary Landa at once began conferences with strike leaders. An

early settlement was predicted on Aug. 28 after Dr. Miguel Suarez resigned as Minister of Communications. Ill feeling had existed between Dr. Suarez and the striking employees.

Political meetings early in August were in some cases accompanied by violence. The army on Aug. 3 took over the town of Madruga, forty miles from Havana, because of disorders attending the first meeting of the Liberal party since the overthrow of former President Machado, who last headed it. The same day one man was killed in Pinar del Rio Province when followers of ex-President Menocal met to discuss political matters. On Aug. 5 an excursion train carrying 300 followers of former President Ramon Grau San Martín, returning from a political rally, was deliberately wrecked in Northern Santa Clara Province.

A minor mutiny in the Cuban Army was quickly crushed on Aug. 28. The following day two of the leaders, Major Echevarria, 32, and Captain Agustin Erice, 28, were convicted of high treason and sentenced to death. The verdict was approved by Colonel Fulgencio Batista, Chief of Staff of the Cuban Army and a close friend of the condemned men, and by President Carlos Mendieta, but the President stayed the executions until the forthcoming Constituent Assembly shall have settled the question of the death penalty in Cuba. President Mendieta himself opposes capital punishment.

A Cabinet crisis completed the picture of Cuba's recent social, economic and political troubles. On Aug. 17 Dr. Daniel Compte, Secretary of Public Works, and Dr. Santiago Verdega, Secretary of Public Health, presented their resignations to President Mendieta. Both men are members of the National Democratic party, headed by former President Menocal, who, in a

recent letter to President Mendieta, threatened the complete withdrawal of his party from the government. When the resignations were accepted on Aug. 18, the Mendieta administration was left with the support of only two parties—the Nationalists, headed by President Mendieta, and the followers of Dr. Miguel Mariano Gómez, Mayor of Havana, who is a member of the Cabinet.

Steps were taken early in August by the Cuban Government to secure the extradition of prominent leaders of the late Machado régime. On Aug. 3 a request for the arrest of former President Gerardo Machado was made to the Dominican Government. Two days later the detention of General Alberto Herrera, Chief of Staff of the Cuban Army during the Machado régime, was likewise requested.

Three Americans were arrested in Havana on Aug. 4 as gun runners and were held incommunicado in Principe Fortress. The men were Frederick H. Willcox, Basil A. Needham and Colonel Arthur W. Hoffman, all of New York City. Four days after their arrest, ten Cubans, representing different political and revolutionary factions, visited the Department of Interior and appealed for their liberation. They particularly desired the release of Hoffman on the ground that he had aided the revolutionaries against former President Machado. A decree ordering the deportation of Willcox and Needham was signed by President Mendieta on Aug. 9; Hoffman was liberated and permitted to remain in Cuba.

For the first time in the history of Cuban journalism Sunday afternoon and Monday morning newspapers failed to make their appearance on Sept. 2 and 3. This was due to a decree issued late in August to assure newspaper men of one day of rest each

week. The decree also prohibits radio broadcasting of news over the 24-hour period.

A series of moratoriums and deferred payments on the obligations of sugar mills, railroads, public service groups, farms and private homes was decreed by the Cuban Cabinet on Aug. 14 in an effort to rehabilitate the island's business.

MEXICO'S MINIMUM WAGE LAW

Less than eight months after Mexico's minimum wage law went into effect President Rodríguez felt in a position to boast of its successful operation. Late in August he asserted that the law had already benefited 2,500,000 agricultural and industrial workers and that the purchasing power of the public had increased by 1,500,000 pesos daily since it went into effect. By this law, which became operative on Jan. 1, 1934, Mexican workers—who are already protected by a liberal labor law which gives them the rights of collective bargaining, of union organization, of appeal to labor courts and generous compensation for unjust dismissal—are assured a minimum wage of from one to three pesos daily, depending on the type of employment and the section of the country. A minimum wage of three pesos is fixed for workers in various industries and in mining and petroleum districts. A report from Mexico City on Aug. 23 that Mexico's principal industries were enjoying a period of prosperity reminiscent of boom times would indicate that these industries have not suffered because of the increased labor costs established by the law.

The most severe of all Mexican laws limiting the number of Catholic priests was passed in the State of Morelos on Aug. 24. After Sept. 1 only one priest or minister of any re-

ligious sect might officiate for every 75,000 inhabitants. Furthermore, each such person must be registered by the State and must express in writing his oath to observe the terms of the Mexican Constitution. He must prove that he is a Mexican by birth, that he is enjoying full health and that he has never participated directly or indirectly in armed movements against governmental institutions. Heavy penalties are provided for infractions of the law. The framers of the law justify it as the only means of combating Catholic tactics against Mexican revolutionary principles.

MARINES LEAVE HAITI

The military intervention of the United States in Haiti, which began in 1915, was terminated in August. Half of the marine brigade in Haiti sailed for the United States on July 28—nineteen years to the day after the landing of marines there. The remaining detachment of marines embarked on Aug. 15.

EL SALVADOR'S TARIFF POLICY

Reciprocity as the keynote of the future tariff policy of El Salvador was formally announced in an executive decree late in July which put into effect a law providing for flexible rates to be determined by the President. On the principle that it is considered equitable to distribute imports in accordance with purchases of El Salvador's export products, three classes of tariffs—a minimum, a medium and a maximum—were established. The minimum tariff will apply to the countries which buy products of El Salvador in quantities equal to or greater than those which El Salvador buys from them. The medium rates, which will be 15 per cent higher,

will apply to countries that buy products of El Salvador that amount to at least 25 per cent of their exports to El Salvador. Maximum rates, which will apply to all countries which purchase from El Salvador less than 25 per cent of their sales to El Salvador and to countries that buy no products of El Salvador, will bear a surcharge of 20 per cent. Considerable discretion is allowed the President in establishing tariff rates. For special reasons and in cases of necessity he may, with the approval of the Cabinet, apply the minimum rates to countries whose trade would classify them in the medium and maximum grades. The President may also apply either the medium or maximum rates to countries that enact tariff laws having an adverse effect on Salvadorean products or that restrict their importation.

LABOR TROUBLES IN COSTA RICA

A strike of banana workers on the east coast of Costa Rica virtually paralyzed the banana industry in that country during August. The strike began as early as Aug. 10 and within ten days 7,000 laborers were idle. The cancellation of the sailing of a banana ship to Puerto Limón on Aug. 11 because of the strike was estimated to have cost Costa Rican planters \$25,000. Acts of sabotage were committed but there were no clashes between the strikers and the police. A settlement was finally reached on Aug. 28 after a conference attended by a committee of workers, representatives of the planters, the Minister of Government and Labor, and Manuel Mora, a Communist Congressman. The agreement calls for an eight-hour day and wages of about 15 cents an hour, with higher rates for special types of work.

Colombia's New President

By HENRY GRATTAN DOYLE

Dean of Columbian College, George Washington University

WITH impressive ceremonies held at Bogotá Dr. Alfonso López, leader of the Liberal party, was inaugurated on Aug. 7 as President of Colombia. His installation as Chief Executive, following his overwhelming victory in the elections of last February, was the second peaceful transfer of executive power in Colombia since the revolutionary cycle in South America began four years ago. During that cycle only Venezuela, under the firm hand of General Gómez, has shared with Colombia a record of freedom from political overturns, revolutions and enforced transfers of administrative functions. But Venezuela is the outstanding example of the "strong-man" type of government in Latin America, while Colombia can match Venezuela's twenty-six years of Gómez rule with thirty-two years of constitutionalism.

Dr. López succeeded Dr. Enrique Olaya Herrera, former Minister to the United States, who had been chosen as a coalition President in 1930. Dr. Olaya Herrera's term had been marked by some success in solving an almost hopeless financial situation, by marked progress in road building and other public works and by the peaceful settlement of the Leticia controversy with Peru. His popularity was attested by a great demonstration in Bogotá on the eve of his leaving office.

The new President, Dr. López, has a reputation as a financial expert and a diplomat. He headed the Colombian delegation to the World Economic

Conference in London in 1933 and was chief Colombian delegate at the Pan-American Conference in Montevideo. His outstanding achievement has been the initiation of steps leading to the peaceful solution of the Leticia imbroglio. In this his personal friendship with President Benavides of Peru, dating from their common service as diplomatic representatives of their respective countries in London, was an important factor. Naturally, the new President is expected to throw the weight of his influence behind the settlement, which is awaiting acceptance by the Legislatures of the two countries. He is also expected to support the commercial treaty with the United States, which has also been presented to the Colombian Congress.

Dr. López faces determined Conservative opposition to his program in Congress. The Conservatives have refused to enter a coalition Cabinet and plan to attack particularly the protocol of Rio de Janeiro, signed on May 24, which ended the Leticia dispute. Their obstructionism is, however, not likely to succeed, for the treaty has been under consideration by a Senate committee since Aug. 9, and Leticia has been under Colombian sovereignty since June 19.

The new President has appointed a financial commission to study the government's financial condition, consideration of the budget for 1935 having been postponed until after the commission reports. How to meet the costs of war preparations during the acute

stage of the Leticia controversy is a problem. Since levies on coffee and gold have borne much of the burden, producers of these commodities have protested. A group in Congress has proposed a 20 per cent tax on all industries for national defense. The Ministry of War, in a report to Congress on Aug. 15, recommended a standing army of 12,000 men and suitable air and sea forces. The report points out that Colombia previously has maintained only three-quarters of 1 per cent of its population on a war footing, with expenditures of only 9 per cent of the budget for the purpose, as compared with an average of 4 per cent of the population under arms in other South American countries. The report recommends increasing this percentage to 1½ per cent, the level of Ecuador.

THE PRESIDENT OF ECUADOR

José María Velasco Ibarra was inaugurated as President of Ecuador on Sept. 1, the fifth President of that country since 1931. He was presiding officer of the Chamber of Deputies which forced President Martínez Mera out of office last year by repeated votes of lack of confidence. Since his election he has visited a number of the other South American countries, where he has preached inter-American solidarity and advocated an early settlement of Ecuador's boundary dispute with Peru. He has been well received in all the countries, including Peru, where he praised the efforts of President Benavides to solve this problem. Ecuador, it will be recalled, tried without success to have her claims in the "Oriente" considered by the conference at Rio de Janeiro which composed the difficulties between Peru and Colombia over the Leticia territory in the same general region.

The new President's domestic pro-

gram includes a plan to divide and develop the great landed estates of Ecuador, now undeveloped, and other proposals for economic rehabilitation. He is on record as being opposed to State monopolies.

Nominally a Liberal Democrat, President Velasco Ibarra was elected by a coalition of Conservative groups with his own party. His chief difficulty will be the opposition of the Liberal groups, complicated by the tendency of Congress to usurp executive powers, a tendency which brought about virtual anarchy during the administration of President Martínez Mera.

PERUVIAN POLITICS

A new Peruvian Congress to replace the present Constituent Congress, elected in 1931, was to be chosen on Sept. 30. The most important matter to come before the new Congress promises to be the Leticia treaty with Colombia. Opposition to approval of the treaty by the present Congress has come largely from the Apristas, who hold that since the Congress has discharged its duties as a Constituent Assembly (the new Constitution was promulgated in April, 1933), it has unduly prolonged its functions and is usurping the functions of the bicameral Congress provided by Article 89 of the new Constitution.

The Apristas have also attacked the present Congress on the ground that it was illegally "dismembered" in 1932 and that 100,000 voters were thereby deprived of representation, while entire States, like Arica, lack representation. The Aprista statement claims that the Leticia difficulty arose because the Salomón-Lozano Treaty, under which Leticia was ceded to Colombia, was approved by a Peruvian Congress which, like the present body, did not represent the popular will. "Only after ample discussion and def-

inite sanction by a Legislature representing totally and authentically the people of Peru, will the treaty have juridical validity and full guarantee of permanence," according to the Apristas, who incidentally have consistently advocated a peaceful solution to the dispute.

SOUTH AMERICAN FASCISTS

The Argentine General Federation of Labor protested on Aug. 1 to the government against the activities of Fascist organizations in that country. According to the federation, there are no less than eight such organizations, most of them uniformed and armed.

On the other hand, a report to Congress by the Ministry of the Interior on Aug. 12 stated that more than 100,000 persons were arrested in 1933 charged with Communist tendencies, and that most of them were released because no laws exist under which such activities are punishable. Only 260 of those arrested were Argentine citizens, according to the report, which also claimed that there are 227 "subversive publications" in Argentina, of which 40 are printed in Russian, 33 in Yiddish, 27 in Ukrainian and most of the others in other foreign languages. The Argentine Supreme Court ruled on Aug. 11 that a person holding Communistic beliefs could not be naturalized.

Brazilian Fascists recently received a visit from a delegation of Argentine Fascists. The former, the "Green Shirts," claim a membership of 186,000 and are reported as declaring that "through our control of the teaching staffs of schools throughout the nation, we hold in our hands the future of Brazil."

THE CHACO CONFLICT

Recent Paraguayan gains in the Chaco, if held, not only threaten the

Bolivian oil fields outside the "disputed region," but open the way for a Paraguayan flanking attack which may end disastrously for Bolivia. Needless to say there is no longer any threat to Paraguay's lines of communication by way of the Upper Paraguay River. The Paraguayans began the advance on Aug. 15 with the capture of Picuiba, and in the next ten days they captured eight positions from the Bolivians, including Forts "27th of November," Paucarpato, Irindague, Algodonal and Ibimirante. They advanced on Aug. 26 within thirteen miles of Carandaiti, and two days later launched a furious attack on Carandaiti itself. On Aug. 30 the Bolivian War Office claimed the offensive had been smashed and the Paraguayans driven in flight into the mountains. But this was directly contradictory to later Paraguayan reports.

Efforts to end the struggle through the mediation of neutrals seemed to have some prospect of success when on Aug. 31 it was announced in Buenos Aires that Paraguay had accepted and Bolivia was considering a proposal made by Argentina, Brazil and the United States for the cessation of hostilities. By Sept. 3, however, it was known that the irreconcilable attitude of the belligerents had nullified these efforts.

Ill feeling between Paraguay and Chile over charges that the latter was aiding Bolivia led to the withdrawal on Aug. 14 of the Chilean Minister at Asunción. Neutral governments, including that of the United States, were prompt in offering their good offices in composing the incident. Paraguay, in addition to previous complaints against the enlistment of Chilean officers in the Bolivian Army and the use of Chilean workers in Bolivian mines, has taken exception to the transporta-

tion of supplies to Bolivia through Chilean territory, although this privilege was guaranteed to Bolivia by Chile under a treaty signed in 1904.

The Chilean Chamber meanwhile has passed a bill, already adopted by the Senate, prohibiting the enlistment of Chileans in the military service of other countries. In a radio address on Aug. 17 President Eusebio Ayala of Paraguay by implication included Peru with Chile as a nation which because of its "benevolent" neutrality—a phrase allegedly used by President Salamanca of Bolivia—was favoring Bolivia, while Argentina and Brazil were observing a "strict" neutrality.

Dr. Felix Palavicini, Mexican publicist and former Mexican Minister of Public Instruction, added to the confusion by stating on Aug. 9 that Chile was backing Bolivia, that Argentina

was supporting Paraguay, and that while Great Britain was aiding Argentina the United States was helping Chile. Chile had bought new airplanes, he was reported as saying, and had transferred her old ones to Bolivia, while Argentina had done the same for Paraguay. Dr. Palavicini also revived the old tale of Standard Oil support of Bolivia. The president of the Standard Oil Company of New Jersey a short time before had sent a long categorical denial of similar charges to the Secretariat of the League of Nations.

It was announced at Geneva on Aug. 21 that eighteen countries had joined the League of Nations arms embargo to the Chaco, Italy having signed on that date. Rumors have been current of violations of the American and other embargoes by munitions firms.

The Rehousing of Britain

By RALPH THOMPSON

MIDSUMMER in Great Britain, with Parliament in recess, was relatively uneventful. A dispute over railway workers' wages ended on Aug. 10 when the unions accepted a partial restoration of the pay cuts made in 1931. Lancashire, little appeased by prospects of increased trade with India, received the news of Australia's newly imposed duties on certain British cotton goods with ill grace. The gold reserve of the Bank of England late in August was the largest in history, and commodity prices stood higher than at any time during the past three years.

Of greatest interest, perhaps, was the renewed concern of Parliament with the housing problem before its

adjournment on July 31. Great Britain has long sought to solve the problem, the Labor government in 1930 passing a bill which is the statutory base of the slum-clearance scheme now being carried out by local authorities. But the progress achieved has by many been considered unsatisfactory, and the widely read report of the Moyne Commission in 1933 gave grounds for definite criticism.

Lord Balfour of Burleigh in the House of Lords on July 18 proposed the provision of 1,000,000 houses renting at 10 shillings a week and under, in addition to slum clearance, and the establishment of a housing commission to oversee and coordinate the

work. Accusing the government of following no coherent plan, Lord Balfour declared that housing was the most important of all social services, that private enterprise had shown that it could not build dwellings of the required standard to rent at 10 shillings or less, and that the State should through the local authorities or the public utility societies subsidize or guarantee their erection.

Viscount Halifax, replying for the government, reviewed recent achievements and the policy which the government proposed to follow. The number of houses built up to March, 1924, was 86,000; up to March, 1934, 266,000. If the present rate were maintained, he pointed out, the total construction in the next ten years would far exceed the number declared necessary by Lord Balfour. A national housing commission might prove desirable, although the Ministry of Health seemed to be performing its functions efficiently.

A survey, included in plans for the future, of the number of families in need of better housing facilities would no doubt, Lord Halifax continued, serve as a more reliable guide than any such arbitrary figure as Lord Balfour had proposed. During the next five years more than 280,000 houses unfit for human habitation would be razed. In the Autumn the government would introduce legislation defining standards of accommodation and providing enough new houses to assure their observance. If private enterprise proved unable to cope with the nation's needs, the Ministry of Health would extend the powers of the local authorities or the public utility societies. Lord Balfour thereupon withdrew his motion.

The value of the public utility societies in building and reconditioning houses has long been recognized.

Numbering about 250 at the present time, these organizations raise money through gifts and by the issue of bonds bearing low rates of interest and shares which at first pay no dividends. As the securities are not transferable in the ordinary way, they attract only those investors who can afford or are willing to tie up their capital.

The philanthropic character of these societies has prevented their contributing a great deal to the solution of the national problem. The Labor Party Policy Report on Housing, for example, practically ignores them, and in other quarters it is recognized that so long as they remain private organizations their usefulness is limited. But if, as is now proposed, the local authorities were to hand over to the societies blocks of housing work and allow them to build and manage the properties, much might be accomplished, particularly if the societies were to receive Exchequer subsidies now available to local authorities and were granted further funds raised on the security of local tax collections. As a first step, however, the societies would be federated, to enable the formation of new ones where they were needed and to eliminate the disadvantages of multiple control.

NEW BRITISH LAWS

Before the Summer adjournment of the British Parliament 55 of the 121 public bills introduced in the House of Commons received royal assent. These include such emergency measures as the Cattle Industry Act (discussed in these pages last month), the North Atlantic Shipping Act, the Unemployment Act, the Newfoundland Act and the Petroleum (Production) Act. The last named vests in the Crown the property rights in the petroleum and natural gas within

Great Britain and makes provision for its discovery and recovery. Denounced by certain Conservatives as a "gift to socialism" and a "stepping stone to the nationalization of all unworked minerals," the bill is nevertheless intended to encourage the search for oil and is said to guarantee to landowners full compensation for the surrender of surface rights.

Among the measures not yet on the statute book is the Incitement to Disaffection Bill, to be considered when Parliament reassembles on Oct. 30. The Coal Mines Bill was withdrawn after voluntary agreement was reached among mine owners, and the Tithe Bill, introduced in the House of Lords, was killed before it reached the House of Commons.

THE INVERGORDON MUTINY

The naval outbreak at Invergordon in September, 1931, was discussed in the House of Commons on July 31 when Admiral of the Fleet Sir Roger Keyes called attention to the "grave injustice" done to Admiral Wilfred Tomkinson, then in command. The British Government, it will be recalled, reduced the pay of the sailors, and as a result, there was "some disturbance on shore in the canteen," to use a reporter's cautious phrase. Admiral Tomkinson was relieved of his post and his command of the Battle Cruiser Squadron was curtailed by eight months. Sir Roger maintained that the Admiral's treatment had been unjust and that his case had not been submitted to a properly constituted inquiry.

Sir Bolton Eyres-Monsell, First Lord of the Admiralty, replied in somewhat shocked tones that the mutiny had heretofore never been discussed in public, but since Sir Roger had raised the question, he would say that the Board of Admiralty had held

it necessary to pay off the men on the mutinous ships and give the ships an entirely fresh start. For the same reason the commanding officer was relieved of his appointment and denied another post. This had been the decision of the Sea Lords of the Admiralty, the supreme court of the Navy, from which "there is no appeal whatsoever."

SOUTH AFRICAN FUSION

The existing coalition of the two main political parties in South Africa will apparently in a short time be transformed into complete fusion. Once that is accomplished, a general election may be held to obtain a mandate for government along fusion lines. There are those, however, who believe that no election is necessary because of the large majority obtained at the last election when the issue was the sinking of party differences.

Recent party congresses have on the whole resulted in overwhelming support for fusion, although the Nationalists in the Cape Province on July 26 rejected the idea and gave their support to Dr. Malan. General Hertzog won a victory on July 31 when only 20 per cent of the Free State Nationalist delegates refused to follow him into the new United party, and the Transvaal Nationalists on Aug. 8 likewise showed their approval. South African party congresses held in the four Provinces during August enthusiastically greeted fusion in the person of General Smuts.

Since the Nationalist dissenters led by Dr. Malan and the South African party dissenters who follow Colonel Stallard are of course themselves unable to come to any agreement, opposition from these groups is not likely to be important. It is felt that Dr. Malan, with his demands for republicanism and open hostility to Great

Britain and English-speaking South Africans, can make no effective appeal to the Afrikaners, and that few of the English will venture with Colonel Stallard along a path which may lead to open hostility among white South Africans.

POLITICS IN INDIA

With elections to the Indian Legislative Assembly fixed for November, the central figure in the political activity of the country is once more Gandhi, who is engaged in yet another attempt to bring together the divergent elements of his vast following and to direct Indian nationalism so that political autonomy may be attained. But dissension within the National Congress party itself has endangered the whole problem of constitutional reform, and a particularly ominous split has taken place with the defection of orthodox Hindu elements under the leadership of Pandit Malaviya, former Congress president. More or less united in their dissatisfaction with the White Paper now under examination by the British Parliament, the Congress groups have nevertheless fallen out over the question of communal representation.

The particular point at issue is the communal award made by Prime Minister MacDonald in 1932 when the Indian religious communities failed to reach an agreement among themselves. Fixing the proportions of representation in the Provincial Legislatures and the methods of election, this award, with its more recent modifications, has been supported by the Moslems and other Indian minorities. In June the Congress Working Committee, in order not to alienate these minorities, passed over the award in non-committal fashion and declared it not an election issue. Thereupon the Malaviya faction, which advocates rejec-

tion of the award, raised a strong protest, and "in defense of Hindu political rights," the Pandit and M. S. Aney resigned from the Congress Parliamentary Board.

Gandhi was able to persuade the two leaders to withdraw their resignations by promising that their objections would be reconsidered. But on July 28 they resigned again, and on Aug. 18 the first conference of a newly formed Nationalist party assembled in Calcutta. Pandit Malaviya, proclaiming that his group was not in revolt against the Congress party, but rather attempting to rehabilitate Congress principles, announced that Nationalist candidates would run in the forthcoming elections, and called on all loyal Hindus to lend their support.

Not religious antagonisms alone confront Gandhi. There are still many Indians who oppose legislative activity and advocate the civil disobedience and non-cooperation which, for the time being at least, they have been asked to give up. There are also the Congress Socialists, some opposing parliamentary methods, who are trying to force their doctrines upon the party councils. To these doctrines Gandhi is definitely opposed, although he still tries to compromise. Speaking at Ahmedabad early in July, he explained once again that the Socialist program would lead to a violent class struggle and hence fell outside Congress party philosophy. He admitted, however, the desirability of organizing workers and peasants.

Two recent events symbolize the tenseness which persists in Indian political circles. A few minutes before a motor car in which Gandhi was riding arrived at a celebration in Poona on June 25 a bomb exploded and severely wounded seven persons. This attempt on his life was attributed to Sanatanist terrorists, reactionary Hin-

dus who are unalterably opposed to Gandhi's fight against untouchability. Shortly before he arrived to address a meeting at Ajmer on July 5 a group of Reformists clashed with a body of Sanatanists so fiercely that Pandit Lalnath, the Sanatanist leader, was injured.

In the course of his speech that day Gandhi chided those of a religious organization who would resort to violence, and later he declared that "after much searching of the heart" he would fast for seven days, beginning on Aug. 7, in expiation of the crime. This announcement created some stir, for by this time, after Gandhi's repeated fasts, even Indian commentators begin to doubt the effect of such penance. One observer, in fact, declared that the action could make no impression and that it was inspired by a "morbid sense of duty."

To turn to another aspect of Indian politics. On July 26 the Communist party of India was outlawed. Recent Bombay strikes and riots and disorderly village meetings in the Punjab seem to have convinced the British authorities that the Communists endangered the always-precarious national peace, and consequently it has been ordered that any one directing the party or promoting its meetings is liable to three years in prison, while any one taking part in meetings or aiding the party financially is liable to a six months' term.

Opposing the tenets of both the Hindu and the Moslem religions and despising the so-called bourgeois nationalism of the Congress leaders, Indian communism had nevertheless made considerable headway during the past fifteen years. In 1924 four members of the party were convicted of sedition, but the formation of

workers' and peasants' groups continued, and in 1929 about thirty persons, including two Europeans, were placed on trial for seditious conspiracy. The Leftist elements in the Congress, however, have welcomed the aid of Communist propaganda and organization as a means of weakening the power of the government, while less radical but none the less socialistic Congress adherents have learned from communism the means of combating what they feel to be the too-conservative Centrist leadership of Gandhi and his fellows.

MALTESE LANGUAGE DECISION

The British Government on Aug. 21 issued letters patent declaring the official language of the courts in Malta to be Maltese. English will be used if a party to a case does not understand Maltese, and Italian only in the rare event that neither Maltese nor English is understood. To this decree Maltese Nationalists and other Italian sympathizers have taken violent exception.

Malta has long been torn by opposing factions, with matters of language and religion the major issues. Constitutional government was suspended from June, 1930, to March, 1932, and again in November, 1933, after the Ministry headed by Sir Ugo Mifsud was said to have evaded a ruling barring the use of Italian in elementary schools. Control of the island is at present vested in the Governor.

The reaction in Rome to the latest British move was sharp and highly critical. The British contend, however, that not more than 15 per cent of the Maltese population is familiar with Italian and that persons have a right to be tried in a language they understand.

The Deepening Crisis in France

By E. FRANCIS BROWN

AT the end of the Summer neither the political nor the economic outlook in France was one to inspire much confidence in the future. The Doumergue government, though safe so long as Parliament was not in session, was not destined for a long life—at least such was the contention of many observers. The echoes of the Stavisky affair had not yet died away and continued to disturb French politics. Moreover, a steady succession of economic mishaps brought the grim realities of the world depression uncomfortably close to the citizens of the Third Republic.

Evidence of the continuing economic crisis was to be found on all sides. For example, revenue receipts for the second quarter were nearly 10 per cent below the budget estimates and 3 per cent less than the total for the same period of 1933. Customs returns fell 390,000,000 francs, reflecting the steady decline in French foreign trade.

For the first seven months of 1934 foreign trade was approximately 3,000,000,000 francs below the same period of 1933. Moreover, in July the figure for both imports and exports touched a new low with a total value of 363,000,000 francs. Trade with the colonies, however, was maintained at a relatively high level, accounting in July for 27 per cent of all French foreign commerce. With the decline in the total value of French foreign trade came an improvement in the unfavorable balance. Yet this very improvement was bad in itself

since it was at the expense of imports. In France, a nation which imports raw materials for manufacture into finished goods, any fall in imports is likely to indicate reduced domestic business.

Largely because of the adverse trade figures, agitation for devaluation of the franc was again being heard in France. Paul Reynaud, a former Finance Minister, has long advocated devaluation as a method for restoring prosperity to the export and tourist trades. In a letter to the *Temps* on Aug. 28, he argued that French prices could not remain far above world prices without bringing disaster to the nation. Since deflation, he contended, would be equally disastrous, devaluation was the logical plan to adopt. M. Reynaud undoubtedly represented the views of important exporting interests. Professor Roger Picard of the Paris Law Faculty, writing in *Les Echos*, demonstrated that, compared with Great Britain and the United States, French costs were so high that French producers were all but excluded from the world market. He showed that the price of steel, for example, fell 30 per cent in the United States and Great Britain between 1932 and 1934, but remained stable in France. Wherever French producers had some advantage, this was generally lost as a result of the devaluation of the dollar and the pound.

As would be expected, the conservatives in French financial and industrial circles opposed tinkering with

the currency. The official attitude was set forth in the *Temps*, which declared that "there is no other reasonable policy to be followed but the policy of deflation upon which we are now engaged."

Deflation, on the other hand, as American experience testifies, may carry in its train certain social factors which ultimately make the pursuit of that policy impossible. Moreover, even the Doumergue government with its insistence upon economy, a balanced budget and all the rest of the paraphernalia of orthodox economists has been obliged to violate some of the precepts of deflationist philosophy.

One of these violations—the scheme of wheat control—is an inheritance from previous post-war governments. Imbued with the belief in national self-sufficiency, France in the years after 1918 sought to make herself independent of other wheat-producing countries. This goal was reached by granting what amounted to a subsidy to wheat-growers through fixing an official price and restricting imports of foreign wheat. The protected price caused living costs to mount, much to the dissatisfaction of the urban population. This year another difficulty has appeared in the form of a wheat surplus of about 110,000,000 bushels. Not only is there a real problem in disposing of this surplus abroad, but its very existence has induced farmers and millers to disregard the fixed price in favor of sales regulated by the law of supply and demand. New government measures will be necessary to prevent demoralization of the wheat market.

In another quarter the French government has gone counter to deflationist theory. The National Commission of Public Works to Reduce Unemployment, which has just begun to function, contemplates spending about 10,-

000,000,000 francs on various public works projects. About half the sum will be spent in and about Paris—for highways, subway extension, railway electrification and bridge construction—since the capital accounts for approximately half of France's 312,000 registered unemployed. The remainder of the appropriation will be spent in the larger French cities and the industrial regions of northern France. Though official figures place French unemployment at 312,000, unofficial estimates are much greater. In this regard it is worth recalling Lloyd George's words in a recent article in the French financial paper, *L'Information*. "One can never find," he said, "any authentic and exact information on the number of French workmen in employment or on the production of French factories or in the reports of French banks."

This public works scheme is not being financed directly from the national treasury. Instead money at a low rate of interest is loaned to the municipalities and departments from the Social Insurance Fund. The Marquet Plan, as this entire project is called, includes provision for the eight-hour day, limitation of overtime and the elimination where possible of labor-saving machinery.

Without any fanfare, the Doumergue government has pursued the generally conservative policies which it has made its own since the political crisis last February. Late in August, when the Ministers returned to Paris from their vacations, the government's attention was directed to the problem of balancing the 1935 budget. Public expenditures, it was estimated, would be reduced to 47,000,000,000 francs—4,000,000,000 below the total for 1934. Such retrenchment is necessary if the government is to adhere to its determination to avoid increased taxation.

There is a real question, however, whether the Doumergue government will survive to push its budget through Parliament. The political truce which placed Gaston Doumergue in the Premiership was nearly broken in July (see September CURRENT HISTORY, page 726) and may be definitely disrupted when Parliament assembles. Should the government fall, it is believed that Parliament will be dissolved and new elections ordered.

An electoral campaign at the present time might well unleash the unrest which pervades France. Differences between the Right and the Left have become increasingly pronounced during the past year. Albert Sarraut, Minister of the Interior, told Parliament late in July that since February there had been 1,100 occasions in Paris alone when police had been called to preserve order. And most of these clashes were political in nature.

The growing sentiment of the Left against the Right, or vice versa, is manifest in the compact between the French Socialist and Communist parties pledging a united front against fascism. On Aug. 20 the French Communist party announced that at the local elections in October their candidates would retire in favor of Socialists on the second ballot whenever such action would serve to defeat a "Fascist" candidate.

Although the fundamental weakness of the Doumergue government stems from the nation's economic situation, the aftermath of the Stavisky scandal is not without importance. Public opinion has never been satisfied by the investigations into the notorious Stavisky's relations with men in public life. Nor has the mystery surrounding the death of Magistrate Albert Prince done anything to increase public confidence in the government's ability or willingness to disclose all

the facts relating to the Stavisky affair.

M. Prince, it will be recalled, was found dead on the railway tracks near Dijon on Feb. 21. Had this man, who was expected to be an important witness in the Stavisky investigations, committed suicide or had he been murdered? The Prince family from the beginning denied that his death had resulted from suicide. In one account of the entire scandal it was alleged that M. Prince was murdered by the Carbonari, a secret society connected with Freemasonry, because he knew the identity of Stavisky's protectors. Former Premier Camille Chautemps and Henri Pressard, former Procurator General, have been accused by the son of the dead magistrate of having instigated his murder. Meanwhile, the Minister of Justice refused to publish a police report upon the death of M. Prince. According to seemingly authentic accounts this report found no motives for murder and no conclusive evidence of suicide. In other words, the death of M. Prince, like other episodes in the Stavisky melodrama, remains unsolved; and public suspicion of complicity in high places continues.

RACIAL STRIFE IN ALGERIA

Riots between Arabs and Jews in Constantine, Algeria, at the beginning of August took the lives of twenty-seven Jews and caused extensive property damage. Clashes on Aug. 3 were regarded as unimportant, but two days later rioting on a larger scale broke out, catching the police unawares. Order was restored after Senegalese troops had been rushed to the city and martial law proclaimed.

The causes of this outburst of racial strife go back through centuries of hostility between Jew and Arab. In ordinary times, however, the two

peoples live peacefully side by side, the one occupied by shopkeeping and money-lending, the other by farming. But the times have not been kind to agriculturists. Economic misery apparently stirred the Arabs to settle old scores and wipe out old debts with Jewish merchants and money-lenders.

Trouble in Algeria is not unrelated to affairs in France proper. For example, it has been alleged that had the police in Constantine not been lax and inefficient they would not have been caught off guard when disturbances began. The moderate *Journal des Débats* blamed the riots upon Communist agitation among the Arabs. The Socialist *Populaire*, on the other hand, declared that "the bloody events at Constantine * * * were provoked by French Fascists and reactionaries." The government, after clamping the censorship on news from Algeria, dispatched a committee to investigate the disorders. But unrest and resentment did not die away and the indications were that the Algerian problem would become an issue in French politics.

BELGIAN BANKING REFORM

Belgian business, seriously hampered by tariffs, quotas, excessive taxation and burdensome interest rates, has found cause for new hope in recent governmental action. The Cabinet in August outlined a scheme for radical banking reform, the first move under the powers granted by Parliament on July 20. (See September CURRENT HISTORY, page 728.)

The banks of Belgium became frozen as a result of too extensive commercial loans in a period of declining business activity. This in turn led to high interest rates, often as much as 9 per cent, on new loans. Since such rates exceed what most business can bear, loans have not been made and

industry has been correspondingly handicapped.

To release these frozen credits the Société Nationale des Crédits à Industrie has been empowered to take them over from the banks in exchange for government-guaranteed bonds carrying 3 per cent interest. Though the banks thus stand to lose considerable interest they will gain in liquidity. The Société Nationale, however, will reduce the rate on industrial debts which it assumes to 4½ per cent. This operation, which resembles in certain respects those of the RFC in the United States, has not been too pleasing to bankers, although many banks are in a position that gives them little choice in the matter.

The government has also decided that henceforth banks shall not engage in both purely banking practices and commercial transactions. A bank must decide whether it is to continue as an institution for the granting of credit or as an agency for the sale of bonds and the conduct of commercial transactions.

Presumably the government will next seek to alleviate the tax burden. The need for a reform of this nature has been dramatically set forth by the Belgian Licensed Victualers Association. The association has distributed in many foreign countries posters which warn travelers against coming to Belgium, "the land of prohibition and innumerable vexations, with taxes on hotel rooms, visitors' tax and other bothersome regulations." The victualers are said to be particularly angry over Parliament's refusal to permit restaurants, hotels and cafés to sell liquor. Meanwhile, the Belgian hotel industry, which at the beginning of the Summer was in the doldrums, has had a minor boom because of the large number of German émigrés passing through the country.

Hitler Holds a Plebiscite

By SIDNEY B. FAY

Professor of History, Harvard University and Radcliffe College

IN preparation for the plebiscite of Aug. 19, in which the German people voted on Hitler's combining in his own person the offices of President and Chancellor, all the Nazi oratorical artillery was brought into action. Goebbels and Goering flew about and made numerous speeches. Dr. Schacht, newly appointed Minister of Economics, declared that "Chancellor Hitler's mighty accomplishments for the State and for the nation's business give him the right to rule and make it our duty to ease his enormously difficult task. He understands economic and financial problems through that great unpretentiousness and simplicity which always astonishes us and which conquers all theoretical objections." Reich Bishop Mueller issued a manifesto calling attention to "the great National Socialist movement which we devoutly regard as sent by merciful Providence." Victor Lutze, Ernst Roehm's successor as head of the Storm Troops, declared: "The German people feels itself at one with the *Fuehrer* [Leader], who in turn fights for the poorest son of the people."

Chancellor Hitler himself spoke several times. In an interview published in the London *Daily Mail*, he emphasized his peaceful intentions. "We ask only that our present frontiers shall be maintained. We shall never fight again except in self-defense." He said that he had repeatedly assured the French that once the Saar question was settled there would be no further

territorial differences between France and Germany. Germany had further proved her peaceful intentions by completing a pact with Poland, and she had no intention of attacking Austria. His main speech was at Hamburg on Aug. 17. Here he explained that it was foreign hostility and predictions of trouble which had forced him instantly to assume the powers of President upon the death of von Hindenburg. Otherwise, he said, he should have chosen another way—an appeal to the people.

Shortly before the plebiscite President von Hindenburg's political testament was published. This reviewed his life from the fall of the Kaiser to within a couple of months of his death. In the closing paragraphs he paid a tribute to National Socialism and Hitler: "I thank Providence for permitting me to see in the evening of my life the hour of recovery. * * * My Chancellor, Adolf Hitler, and his movement have taken a decisive stride of historical importance toward a great goal of leading the German people to inner unity regardless of differences of rank and class." Some foreign newspapers hinted that these last paragraphs had been fraudulently added, but Herr von Papen gave his word that the testament had been entrusted to him by the late President to deliver into Hitler's hand.

The results of the plebiscite showed that as usual Hitler was able to get out a far greater percentage of the voters than is ever possible in the United

States, even in national elections. Of about 45,000,000 qualified voters, 43,500,000 went to the polls. Of those who voted, 89.9 per cent endorsed the Chancellor's action in assuming the powers of President. But 4,250,000 Germans—9.8 per cent of the total—had the temerity to vote in the negative, while 872,000 invalid ballots caused by writing in comments or by other irregularities indicated further opposition. As compared with the plebiscite of Nov. 12, 1933, after Germany's withdrawal from the League of Nations, the opposition vote had doubled, rising from almost 5 per cent to almost 10 per cent. In both cases the invalid ballots were about equal and would tend to increase slightly the opposition vote.

The doubling of the opposition vote was what might have been expected in view of the executions in connection with the Roehm "plot," the Nazi conflicts with the Protestant and Catholic churches, the unfavorable balance of trade and other economic difficulties. The heaviest "yes" vote was registered in the agricultural districts, especially in the eastern provinces, an indication that the peasants are more subject to propagandist influences or that they are tolerably well satisfied with the Hereditary Homestead Law and the elaborate price-fixing arrangements for agricultural produce.

In the large cities, where there are more former Communists and Socialists, the vote was much less favorable. Cologne gave the lowest affirmative percentage of 78.7; Hamburg, the former home of the Communist leader, Ernst Thaelmann, and the place selected by Hitler for his last and most important campaign speech, came second with an affirmative percentage of 79.5; Berlin was third with 81.5. But it was not merely the working-class element in the cities that increased the

opposition vote; in one of the districts of West Berlin, inhabited mainly by well-to-do business men and intellectuals, the "yes" vote was only 840 while "no" and invalid votes totaled 351.

PROTESTANT CHURCH CONFLICT

Disputes between the Nazi Christians and their opponents have continued during recent months. Reich Bishop Mueller and his legal assistant, Dr. Jaeger, have proceeded in the work of persuading most of the official Evangelical provincial churches to dissolve their old organization and join with the new Nazi National Evangelical church controlled by the Nazi Christians. In each case where this was accomplished a new provincial Bishop took an oath of loyalty to Dr. Mueller and promised to facilitate the completion of a constitution for the new national church. In a conference with Chancellor Hitler on July 18, Dr. Mueller was able to state that 22 of the 28 provincial Protestant churches had been united under his authority.

Unification and pacification, however, were not so complete as these official statements might seem to indicate. Among the six provincial churches still uncoordinated were those of Bavaria, Wuerttemberg and Baden. In the case of the 22 coordinated churches, moreover, there were the considerable dissenting minorities which seceded or absented themselves from the meetings at which coordination was voted. On June 1, these dissenters met at Barmen in Westphalia and organized an independent Confessional Synod of the German Evangelical Church, or Free Synod.

The Free Synod declared that the new organization was "the right and lawful Protestant Church in Germany." It claimed to have one-third of the 18,000 Protestant pastors of Germany on its side, and took direct

issue with the theory that the National Socialist revolution was a revelation of divine will. It asserted that the church is not justified in assuming worldly forms, and that it cannot serve political leaders without endangering its own usefulness to society and the State.

This declaration marked a final split between the opposition Protestants and the Nazi church. On June 18 Dr. Mueller offered a compromise but it was rejected. On July 9 Dr. Frick, Minister of the Interior, declared that while the State had no intention of meddling in the internal affairs of the church, it could not permit continuance of the religious struggle, and that all further discussion in public meetings, the press, pamphlets and handbills was forbidden. This meant that only the Reich Bishop and the official Nazi church administration could issue public statements, and Dr. Mueller proceeded with the constitutional reorganization of the official Evangelical church.

In a National Synod held in Berlin on Aug. 9 Dr. Mueller and Dr. Jaeger sought to complete National Socialist control over the Evangelical church. All pastors, on pain of expulsion from their pastorates, were required to take an oath of obedience to Adolf Hitler and to act "in accord with the instructions issued by the German Evangelical church," that is, by Dr. Mueller, to whom the synod delegated all power of legislation. Following Chancellor Hitler's example in allowing his Cabinet retroactively to legalize his actions of June 30, Dr. Mueller received from the synod retroactive legalization of all his acts since he took office as Reich Bishop.

During the debate in the synod it was brought out that some 800 pastors had already been suspended from their posts or otherwise punished for

opposing the official régime. The discussion on the required oath of submission brought forth bitter opposition from the dissenting pastors outside the synod and also from some members of the synod itself.

The opposition answered the action of Dr. Mueller's synod three days later by a fiery manifesto issued by the Council of Brothers, which represents the Free Church formed at Barmen and which is carrying on the fight for religious freedom started originally by the Pastors' Emergency League, now disbanded. The manifesto was directed primarily against what it termed the illegal assumption of authority by the Nazi National Synod and peremptorily rejected the series of laws it passed.

This determined attitude on the part of the two Protestant factions was probably most unwelcome to Hitler. On Aug. 17 Dr. Frick modified his decree forbidding discussion of Evangelical religious questions, and banned only partisan religious polemics. Three days later Dr. Mueller was said to have been warned by Herr von Beben of the Nazi party's Bureau for the Preservation of Cultural Peace that it might be well to abandon the program forced through the National Synod on Aug. 9, especially the required oath to the Reich Bishop.

The German church conflict formed one of the main subjects of discussion at the sessions of the Universal Christian Council on Life and Work. This body, meeting at Faroe, Denmark, during the last week of August and representing virtually the whole Protestant world, listened to severe attacks on Reich Bishop Mueller and his totalitarian principles, and then to counter-arguments by his delegate, Bishop Theodor Heckel. The discussion showed that all but Dr. Mueller's delegation agreed with the German

opposition pastors, and a set of resolutions defending freedom of discussion and government in church matters was passed. Despite the protest of Bishop Heckel, Dr. Karl Koch, head of the German Free Church Synod, was elected to membership, thus giving official recognition to the organization of the opposition pastors.

DANZIG TRADE SETTLEMENT

After six months of negotiations Danzig and Poland signed on Aug. 11 six agreements designed to end the trade war that had lasted for fifteen years. They were hailed with great satisfaction in both Poland and Germany as removing an element of danger in Eastern Europe and promoting the friendly relations recently established between the two countries which for centuries have been so hostile. The six pacts provide for a restoration of free exchange of goods between Danzig and the Polish hinterland. Tariff barriers are virtually removed. Danzig becomes an integral part of the territory embraced in the Polish customs régime, as originally contemplated in the Versailles treaty. Danzig retains its own customs office, but undertakes to execute faithfully the Polish customs regulations; the Polish offices in Danzig, which have caused so many conflicts, are to be withdrawn.

AUSTRIAN NAZIS PUNISHED

The Schuschnigg Cabinet proceeded vigorously during August against those implicated in the recent Austrian uprising and the assassination of Chancellor Dollfuss. Planetta and Holzweibel, ringleaders in the shooting, were summarily tried and executed on July 31. On Aug. 13 nine Vienna policemen were found guilty of participating in the attack on the Chancellery on July 25. Four were

hanged the same day, two were sentenced to life imprisonment, two others to twenty years each, and one to fifteen years. On Aug. 7 a soldier was executed and an ex-army officer sentenced to life imprisonment.

The trial of fifteen men concerned in the attack on the Ravag broadcasting station began on Aug. 14. The accused claimed that they had been given automatic pistols the night before the putsch by a man who identified himself only as "Number 89" and told them to be at the broadcasting station at 1 o'clock the next day. They said they did not know beforehand who the leaders were and thought they were to take part in a peaceful occupation of the radio station so that an announcement of a change of government might be made. It will be remembered that they fought for several hours in resisting attempts to dislodge them. After a four-day trial the ringleader was sentenced to death and executed immediately. The rest were condemned to life imprisonment. In connection with uprisings in the provinces on July 25 several leaders who had caused the death of Heimwehr troopers or government officials were tried and either put to death or given long terms in prison.

Dr. Rintelen, who suddenly returned from his post as Austrian Minister at Rome three days before the revolt, is gradually recovering from a pistol shot. According to Colonel Adam, Austrian Commissar for Propaganda, the pistol shot was an attempt at suicide. Rintelen's wife, however, declared at the time that agents of the government had attempted to murder him. In any event, all his property in Styria was seized by the government on Aug. 18 after he had been charged with high treason.

Herr Apold, who was scheduled to be a member of the Rintelen rebel Cab-

inet, and who was director of the great Styrian Montan Mining Company and factories said to be associated with the German Steel Trust and to have been a centre of Nazi activity, was fined 349,000 schillings (about \$83,000) to cover the expenses of suppressing the revolt in Styria. Several other local Nazis were fined lesser amounts. The vice director of the Montan Company visited Vienna to arrange for changes which would free it from pro-Nazi control.

The Vice Chancellor, Prince von Starhemberg, and other officials of the Schuschnigg Cabinet, stated that they were determined to deal energetically with any further Nazi threats. As evidence of their resolve to enforce Dr. Dollfuss's decree of death against any persons found in possession of explosives, two farm laborers were hanged in Vienna on Aug. 20. Major Fey, Minister of the Interior, was given wide authority to cleanse government offices and also private businesses of persons suspected of pro-Nazi leanings.

From the evidence—perhaps of dubious reliability—given at the trials and from other sources, it appears that the Nazis had planned three revolts before that on July 25. The first was to be in July, 1933, but was abandoned because they could not count on enough troops joining them. The second was to be in the following November, the plot having been hatched at Passau, Bavaria, in a secret conference attended by Ernst Roehm, Theodor Habicht and other German Nazis. This was given up because sufficient arms had not been smuggled into Austria for the use of the rebels. The third was to be at the time of civil war against the Socialists last February, but did not take place because the proper orders were not given.

Another interesting fact is that the putsch of July 25 failed in part because the whole Dollfuss Cabinet was not at the Chancellery at the time the attack was made and so could not be seized. Dr. Schuschnigg, who was not in the building, is said to have telephoned to Mussolini for help, which may explain the speed with which Italian troops were rushed to the frontier. Major Fey is said to have received three warnings of an impending attack on the morning of July 25. The whole Cabinet may not have been in the Chancellery at the critical moment because they had merely separated for luncheon.

As a result of the new Cabinet's measures, the Nazis remained pretty quiet during the weeks after their putsch. Some of them interviewed by foreign newspaper correspondents asserted that they would try again later. Several thousand, including some wives and children, fled to Yugoslavia, set up a kind of armed camp just over the Austrian border at Maribor, and continued to breathe fire and hatred against the existing Austrian government. All Austrian Nazi legionaries in Germany were dispersed or transported to the north far from the Austrian frontier as an evidence of Chancellor Hitler's good faith.

Austria announced on Aug. 7 her readiness to receive Franz von Papen as German Minister to Vienna, and contrary to the exhortations of the French and Italian press, imposed no conditions. Von Papen arrived in Vienna a week later. The new Minister was received in Vienna very coolly by the public and press. There were hostile and suspicious articles in the newspapers of other countries who fear German influence at Vienna.

Chancellor Schuschnigg flew to Szeged and Budapest with his wife and secretary on Aug. 9 in response

to an invitation of the Hungarian Minister of Education to witness the open-air performance of *The Tragedy of Man*, by Emmerich Madach. Next day he had conferences with Premier Goemboes and other Hungarian statesmen. The visit was said to be merely for the purpose of continuing the friendly conferences which had been carried on by Dr. Dollfuss. French reports alleging that Dr. Schuschnigg discussed the question of a monarchical restoration were angrily denied by a Hungarian official: "It is always the same old game; whenever Austrian and Hungarian statesmen meet, rumors of a pending restoration of the Habsburgs are launched by certain Little Entente and French quarters."

Prince von Starhemberg made a surprise flight to Rome on Aug. 11. Although his ostensible purpose was to visit the camp at Ostia where some 200 Austrian youths were spending their vacation as the guests of the Italian government, he had a long talk with Mussolini. It was rumored that the Prince sought to make sure of Italy's continued support of Austrian independence and that he arranged for the official visit by Chancellor Schuschnigg to the Italian dictator which took place on Aug. 22.

These friendly relations are based in part on the aim of keeping Austria free from German control and of building up closer commercial ties between Austria, Hungary and Italy. Certain tariff reductions on goods passing between Austria and Italy were arranged earlier in the year, and an effort is being made to develop the Italian port of Trieste as a point for Austrian exports and imports instead of the German North Sea ports. In August the first ship to fly the Aus-

trian flag since the war left Trieste.

Two changes in the Austrian Cabinet were made early in August. The Ministry of Justice, which had first been assumed by Dr. Schuschnigg in addition to the Chancellorship, was transferred to Dr. Karl Karwinsky; and Baron von Hammerstein was made Secretary of State for Security.

ARCHDUKE OTTO

Archduke Otto, son of the ex-Empress Zita and pretender to the Austrian throne, left his Belgian abode on Aug. 10 for a three weeks' visit to his relatives in Sweden. This gave rise to a crop of rumors concerning his restoration. Dr. Schuschnigg, though regarded as much more of a monarchist than Dr. Dollfuss, is also a careful and cautious politician. He is aware that a restoration in Austria would bring up the question of a restoration in Hungary also, and would probably meet with strong opposition from France and the Little Entente. Prince von Starhemberg and other Austrian officials emphatically stated that there was no truth in the rumors that the question of a Habsburg restoration had been discussed during Dr. Schuschnigg's visits to Budapest and Florence, and probably there is no immediate likelihood of the matter being seriously raised. Austria has never been a kingdom and can hardly aspire to recover her former imperial rank, though in theory she might reconstitute herself as a federation of Habsburg fiefs under a sovereign Archduke. Many legitimists, however, feel that it would be hardly fair to Otto to enthrone him when the country is still down in the depths, even if the difficulties and dangers involved in a restoration could be overcome.

Mussolini's War Talk

By WILLIAM E. LINGELBACH

Professor of European History, University of Pennsylvania

CLOSE upon the heels of the political crisis in Austria, Mussolini again startled Europe by talking of war. Speaking to the general staff and the troops at the conclusion of the annual military manoeuvres, he said: "Nobody in Europe wants war. But war is in the air. It may break out at any moment. We must not prepare for the war of tomorrow but for the war of today."

That Mussolini would go to war in defense of Austrian independence was made clear not only by the prompt and decisive mobilization of Italian troops on the Austrian frontier when Chancellor Dollfuss was assassinated, but also by subsequent action and utterances. On the other hand, Mussolini plainly does not foresee an immediate danger of war in that quarter; else the withdrawal of the four divisions mobilized on the northeastern front within a few days after the Nazi attempted coup in Vienna would not have occurred. Nevertheless, the most energetic measures are being taken to insure Italy's preparedness.

Military manoeuvres in the region of Bologna on Aug. 17-24 were conducted on a grand scale. The King, Mussolini, practically all the members of the government and large military delegations from twenty-three foreign powers attended. The presence of the Cabinet Ministers and Under Secretaries of State was a unique feature. They were called to the colors by a special order of the Duce, and for the first time took an active part in the

manoeuvres, each at his particular post, precisely as if a war were actually in progress. Particular emphasis was laid upon the moral effect of "bringing the members of the government into full cooperation with the army during the days of its most active training."

The same objective is to be reached by a stricter enforcement of conscription. Approximately 60,000 men have heretofore escaped military service every year through special regulations under the law. At present only a small fraction of these are to be called, but ultimately the entire number will be recruited, raising the daily average of men under arms throughout the year from 220,000 to 280,000. The effect upon the budget will be serious, but on this score, as in the special appropriation of 1,200,000,000 lire recently authorized for aviation, the Duce does not hesitate.

In a naval review on Aug. 6-7 two squadrons of forty-eight vessels, submarines and seaplanes participated. Apart from a grim mimic battle between the two fleets, target practice at night and special manoeuvres by the fast light cruisers were featured. Entirely dissociated from the naval exercises was the successful experiment of steering Senator Marconi's yacht by wireless. The ship was navigated from a radio beacon for a distance of ten miles. The system is the result of three years of experimentation by Marconi, who says that ships can now be steered from any point

within a radius of twenty to thirty nautical miles from the radio station.

A drastic purge of the Fascist party in Mussolini's native region occurred during the month as a result of the insubordination of Leandro Arpinati, former under secretary of the party and a member of the Fascist Grand Council. A vigorous Fascist of the early days and head of the Olympic games committee, he had been a turbulent and disturbing factor for some time, frequently quarreling with Achille Starace, the secretary general of the party. Arrested by Mussolini's order, Arpinati was sentenced by the local Fascist committee to five years' domicile in the Lipari Islands, while twenty other prominent Fascists of Romagna were expelled from the party. On Aug. 10 the press also reported the results of eighteen espionage trials before the special Tribunal for the Defense of the State. It revealed that foreign espionage had been uncovered and that twenty-nine individuals had been sentenced to penal servitude.

THE DEFIANT BASQUES

During August conflict between the Spanish Government and the Basque authorities broke out with unexpected violence over the Basque insistence upon the right to impose taxes and pay a fixed sum to Madrid. To defend their position, the Basques decided to have their municipal councils elect commissioners for each of the three Basque Provinces, thus forming a sort of representative body to deal with the national government. Premier Samper and his colleagues warned the Basques that their action was unconstitutional, stating that while the national government had no desire to impinge upon the rights of the Basques or to interfere in their Provincial affairs, the power to levy the disputed

taxes lay with the central government. Nevertheless, the Basque municipalities prepared to hold elections.

The government replied promptly and vigorously. Orders forbidding the elections were issued; heavy detachments of troops were sent to the principal towns—Bilbao, San Sebastian and Vitoria; the civil guard was strengthened and the air force at Getafe, near Madrid, was held in readiness. Yet in many municipalities elections were held. When the police and the soldiers prevented the use of council chambers, the voting took place in near-by fields or forests. About fifty towns elected commissioners; in thirty, elections were stopped by the police and soldiery and in about 100 others none seems to have been attempted.

The Madrid government had now found itself locked in a dangerous struggle with a defiant Basque nationalism. Measures for the suppression of the commissioners and the recalcitrant municipal authorities were at once inaugurated. Forty-seven mayors, including those of the largest cities, and many municipal councilors were arrested. Arrests and imprisonment, however, avail little in the face of passive resistance and the spirit of Basque nationalism.

The situation was rendered doubly dangerous by the openly expressed sympathy of Catalonia. The Socialists and other parties of the Left, moreover, were eager to make political capital of the embarrassment of the government. According to early reports, the Catalan Generalitat was prepared to lend full support to the Basques in their struggle for autonomy. In a speech on Aug. 9 President Companys said: "Catalonia stands by the side of a sister region in its moment of conflict, the same as it would for Galicia or Valencia." A fortnight

later he denied flatly a report that he had assured Premier Samper of his complete support. In the meantime Catalonia renewed her claims for greater autonomy by demanding control of the ports of Barcelona and Tarragona, and by putting a ban upon the import of wheat from the rest of Spain unless authorized by Catalan officials.

Premier Samper met the crisis in a conciliatory and statesmanlike manner. He followed the energetic measures against the elections by a personal appeal to the Basques, assuring them that a bill to give them the right to elect commissioners would be introduced in the Cortes immediately after it assembled in October, and that the taxes in question would not be levied till these officials had the opportunity to consider them. As a consequence, the dangers of the proposed meeting of commissioners at Bilbao on Aug. 26 were averted and the prospects of a peaceable adjustment improved.

The need for a settlement with the Basques was all the greater because of the unrest among the workers and of the cooperation among the different elements of the Left Opposition. In a striking manifesto issued by the National Committee of the Socialist General Union on Aug. 1—Spain's "Red Day"—the grievances against the government were vigorously set forth. Since the union represents approximately 700,000 workers, its indictment of the repressive policies of the Cortes, and what it calls the "White Terror," was significant.

"Not even in the worst days of the monarchy," the manifesto said, "was there such a gap between the legitimate aspirations of the workers and governmental policy as has been the case under the governments in power

since December, 1933." It pointed out that the "state of alarm" had been maintained for 222 days out of 315, leaving only ninety-three constitutionally normal days, sixty of which were during the elections. Under the "state of prevention," which was extended in August for an indefinite period, citizens can be brought before a "Tribunal of Urgency" and sentenced, newspapers suppressed and meetings forbidden, without appeal to the regular courts. Under it, the Socialist press has been consistently persecuted, Socialist meetings suspended, municipal councils in which Socialists held a majority dissolved and the wireless reserved exclusively for official use. With this systematic repression, there had come, the manifesto declared, a steady increase in prices, a lowering of wages and the depression of the standard of living among the laboring classes. By way of remedy the authors urged the union of all parties of the Left and a more thorough organization of the workers in order to "realize the supreme effort necessary to end the régime of exception." The leading monarchist journal characterized the manifesto as "mere drivel," but in the opinion of many observers it was prophetic.

But while the Right groups urged moderation on the Socialists, they demanded a stronger government in the interests of repression and reaction. "Seven months of the government of the Right Centre has accomplished nothing," they said. They added that the temporizing with the Catalans and the Basques was as bad as under the Azaña régime, and deplored the continued expropriation of the lands of the *grandees*. Further accusations pointed to the unsatisfactory and chaotic conditions in education and church matters.

Poland Looks Abroad

By FREDERIC A. OGG

Professor of Political Science, University of Wisconsin

FOR some time past it has been evident that Poland and France are drifting apart. Foreign Minister Barthou's visit to Warsaw in April seemed to give the alliance a new lease on life, but more recently matters have gone from bad to worse. Whereas a few years ago Germany was regarded in Poland as the chief trouble-maker, now it is France. French engineers and business managers in Poland have been arrested; Polish miners have deserted the North France coal fields. A powerful attack upon the French press and French policies has been launched by Polish newspapers, one such journal accusing the French Ambassador in Warsaw of financing the anti-Pilsudski, anti-Semitic National Radical (or Nazi) party.

From France reply was made in kind, and in both countries the press spoke freely of the "conflict." In particular Paris resented the Polish hostility which more than anything else stands in the way of M. Barthou's projected Eastern Locarno. If the estrangement went no deeper than newspaper, or even official, bickering, the case would not be so serious. There is reason to believe, however, that the feelings and sentiments of two traditionally friendly peoples are being adversely affected.

During the flurry caused by the assassination of Chancellor Dollfuss it was made fairly clear not only that Poland would not participate in any concerted action to guarantee Austrian independence but also that War-

saw is not directly interested in the maintenance of the status quo there. A union of Austria and Germany would disturb Poland only in the event that it involved a general revision of the peace treaties; otherwise it would be viewed as relieving German pressure on Poland's frontiers and engaging Berlin in ventures that would keep that capital, and doubtless others as well, occupied for years to come. Austrian union with Italy, or an Italo-Czechoslovak occupation such as was suggested by certain French politicians, would, however, be wholly unacceptable.

Evidence that the Polish people are accommodating themselves to the new atmosphere of cordial relations with Soviet Russia—so assiduously cultivated by the Warsaw government since the signing of the Riga peace treaty—was supplied at the end of July, when a visit from a Soviet military air squadron was made the occasion for a remarkable demonstration of good-will on both sides. The Soviet flag was flown for the first time on premises controlled by the Polish Army.

BULGARIAN AFFAIRS

An avowed aim of the Gueorguiev dictatorship was fulfilled when in July diplomatic relations were re-established between Bulgaria and Russia. The Russian Legation in Sofia, since the war a home for Russian refugees, was cleared of its tenants, and in early September the first Soviet Minister arrived.

All Bulgaria's neighbors, including the members of the Little Entente, have lately reopened regular relations with Russia. Bulgarians and Russians are bound by many intimate ties and traditions. The magnificent statue of Alexander II which stands opposite the Sobranje in Sofia is a constant reminder of the prominent part which Russia played in freeing Bulgaria from the Turks. Although Bulgaria went through the World War on the side of the Central Powers, the conflict was exceedingly unpopular with all except the Macedonian elements. It may be added that the Gueorguiev Cabinet feels strong enough to fend off Communist propaganda while securing the economic benefits expected from Russian trade.

The suppression of the Macedonian revolutionaries by the Gueorguiev régime continues. On Aug. 13 the secret printing office of the newspaper *Liberty or Death*, organ of the Internal Macedonian Revolutionary Organization, was seized by the police. Among the printed matter sequestered was an article protesting against the coming visit of King Alexander of Yugoslavia to Bulgaria and Sofia's Yugoslav policy. It was with full approval of King Boris that the Gueorguiev régime launched its attack upon the Macedonian minority, but it is doubtful whether the effort can succeed. Certainly it is stirring opposition of the most vindictive sort. The spirit which for decades has kept alive and strong what is to all intents and purposes a State within a State may be mistaken, but it will be exceedingly hard to break. Only a new map bringing together the three parts of dismembered Macedonia—situated in Yugoslavia, Greece and Bulgaria—will fulfill the program for which the I. M. R. O. has fought since its organization in 1893.

From such facts as that sixty-one

State high schools have been closed, entrance to the university made more difficult and the national school budget cut down, it may be deduced that the new Bulgarian régime attaches less importance to education than did its predecessors. Actually, however, the government's plans are directed rather to a reorganization of education in the direction of the practical and technical as distinguished from the scholastic and academic. Like several other European countries, Bulgaria is overstocked with "intellectuals" or people trained only for white-collar careers; and the purpose of the present authorities is to limit such training to the specially fit. At the same time it is opening no fewer than thirty-seven new "middle schools" designed to prepare pupils for agricultural and technical courses. As another feature of the program the new Department of Social Renovation is grouping all existing youth organizations in a single Union of National Youth, in which all youths between leaving school and the age of 25 are to receive physical and moral training designed to make of them the "storm troops" of the new régime.

YUGOSLAVIA AND THE AUSTRIAN NAZIS

It was hardly to be expected that the Yugoslav Legation in Berlin pass without recriminations between Yugoslavia and Italy. Five days later the Yugoslav Legation in Berlin issued a statement not incorrectly construed by the German press as a warning to Premier Mussolini to keep his troops in check.

However much or little the tenor of this pronouncement was resented in Italian official circles, a violent press quarrel promptly broke out between the two countries. The Italians asserted that the Austrian Nazis prepared

their coup on Yugoslav soil, and with full knowledge of the Yugoslav authorities, while the Yugoslavs declared that Italy was merely trying to conceal her own responsibility for the Austrian tragedy, and that the Vienna government had given the lie to Italian asseverations by officially thanking Belgrade for its correct attitude during a critical period.

Meanwhile, Yugoslavia became the haven of some 3,000 Austrian Nazi rebels. Gathered in concentration camps at Varasdin, Pozega, Bjelovar and other points, these men could not return to Austria, where, indeed, their property had been confiscated; nor could they expect a welcome in Germany, where there is no desire to increase the already alarmingly large number of idle Austrian legionaries. Nothing seemed to remain except for the Yugoslav government to feed its uninvited guests; and this was done, although in time money was dispatched from Berlin to assist in the work. Wearing, for the most part, a ragged Austrian national costume—shorts and a green or white jacket—the newcomers at least afforded the Croat countryside a certain amount of entertainment as they marched from place to place singing the Nazi Horst Wessel song and German folk melodies. At the beginning of September it was reported that a special concentration camp for female émigrées had been established at Varasdin. Meanwhile, official Yugoslav requests that the Vienna government declare a blanket amnesty permitting the refugees to recross the border met with no response.

RESTORATION IN HUNGARY?

Much interest was stirred by a visit of the new Austrian Chancellor, Dr. Kurt Schuschnigg, to Budapest on Aug. 9. French newspapers had it that

a restoration of monarchy was to be discussed, and speculation in Hungary itself ran wild. In both Budapest and Vienna it was categorically asserted that the visit was merely one of courtesy, such as would naturally be paid by the new Chancellor to the exceptionally close personal and political friend of the late Chancellor Dollfuss, Premier Goemboes. That some political significance was, nevertheless, to be attached to the meeting seemed probable, inasmuch as it was so timed as to precede a visit by Chancellor Schuschnigg to Rome.

From every significant source assurance continues to come that, while Hungary remains thoroughly monarchist at heart, with no support whatever for republicanism, neither government nor people is interested at present in a restoration. The country indeed already is, in its own eyes, a monarchy, and never has been anything else. There is, to be sure, no king. But in the Hungarian view the land has always been ruled, not by a king, out by a crown, and the closely guarded Holy Crown of St. Stephen which once a year is brought forth for the people to see (the annual ceremony duly took place in August) is no mere symbol of royal power—but the synthesis of constitutional government.

Viewed from this angle, the enthronement of Prince Otto or some other candidate becomes, one is tempted to say, a mere detail. There are, as Premier Goemboes has said repeatedly, other and more important matters to be attended to first. One of these is the country's economic rehabilitation. Another is the revision of the peace treaties, a matter which certainly in these days lies nearest the Hungarian heart. Only a Parliament representing the whole Hungarian people, it is considered, could properly

call a king to take the crown, and, despoiled of two-thirds of its territory and people, the country waits. Meanwhile, after a period of genuine discontent last Winter, the nation seems fully won back to the Horthy-Goemboes régime.

Interest in the fortunes of Hungarian minorities in neighboring States has been stirred afresh by efforts lately put forth in Rumania to make the country's municipal governments substantially Rumanian in personnel, even where the population is overwhelmingly Hungarian. In business and industry, furthermore, 80 per cent of all directors, officials and clerks are to be Rumanians, even in cities that are mainly Hungarian, Jewish or German. This latter figure is arrived at on the basis of the proportion which people of Rumanian stock in the country as a whole bears to the total population. It will, however, work hardship in places preponderantly non-Rumanian, and in Hungary it is feared that many former fellow-countrymen forced under the Rumanian flag by the Treaty of Trianon will be deprived of all means of making a living.

CZECHOSLOVAK POLITICS

A weighty factor in recent Czechoslovak politics has been the readiness of most of the German parties to stand shoulder to shoulder with the leading Czech parties in support of the existing régime. When President Masaryk was recently re-elected a most favorable impression was created by the unanimity with which German-speaking members of Parliament cast their ballots for him. There has lately come into view, however, a movement to fuse all the German parties into a Heimatsfront (Home Front), and apprehension has been roused lest such a development not only upset the

political balance at home but destroy the existing good relations between the republic and Germany.

The head of the movement is Konrad Henlein, bank official and teacher of gymnastics at Asch, an industrial town on the Bohemian-Saxon frontier. He and his followers profess loyalty to the Prague government, though they have National Socialist leanings. Late in July the Congress of the German Roman Catholic party voted not to identify itself with the Heimatsfront program, and prominent German Social Democrats have also rejected the movement as merely "disguised fascism."

Following the example of the Communist party of France, the Czechoslovak Communist party in August proposed to the Socialist parties a united front against fascism. In France, the overtures were accepted, but in Czechoslovakia they were rejected by all four of the existing Socialist organizations.

GRECO-TURKISH RELATIONS

Friendly relations between Greece and Turkey have been at least temporarily disturbed by a new Turkish law closing a long list of lesser trades to all persons who are not Turks. The law is general in its terms and aliens of all nationalities living in Istanbul, Ankara and other centres are affected. The Greeks are hardest hit because their numbers are largest. On July 28, the first of a steady stream of involuntary immigrants reached Athens—barbers, butchers and other artisans of whom, in most instances, there is already an oversupply in the home country. According to Turkish figures, 2,000 Greeks, or 15 per cent of the city's Greek population, are affected in Istanbul alone. Further hardship has been entailed since persons leaving the country may take only limited funds.

A New Regime in Iceland

By RALPH THOMPSON

THE quadrennial elections to Iceland's legislative body, the Althing, were held on June 24. The Socialist party showed increased strength, its popular vote rising from 6,000 to 11,000 and its representation from 5 to 10. As a result, a coalition consisting of the Socialists, the Left wing of the Farmers party and one independent, together commanding twenty-six seats, became the majority and formed a new government. The Opposition consists of twenty Conservative Deputies and three representatives of the Right wing of the Farmers party. These figures will be somewhat altered because Icelandic electoral law provides for the allotment of compensatory seats to redress representation as fixed by the popular vote, but it is anticipated that the new seats awarded will only strengthen the government majority.

On July 23 the new Cabinet was announced. Hermann Jonasson, who had never sat in the Althing nor held an important official position, was named Premier, Minister of Agriculture and Minister of Justice. Haraldur Gudmundsson became Minister of Labor, Foreign Affairs and Education. Eysteinn Jonsson was appointed Minister of Finance. Jonasson and Jonsson belong to the Left wing of the Farmers party. Gudmundsson is a Socialist.

BALTIC DIPLOMATIC MOVES

The efforts to insure Eastern European stability by means of a three-power bloc of Estonia, Latvia and Lithuania or a larger agreement in-

volving not only the Baltic States but also their great neighbors—the so-called Eastern Locarno—have during the past month continued unabated. In consequence of their meeting at Kaunas on July 7-10, representatives of the three Baltic nations signed the general terms of a new agreement of friendship and cooperation. On Aug. 29 more specific undertakings were initialed in Riga. The exact extent of the latter is not known at present, but they are said to provide for mutual tariff benefits and a periodic discussion of all relevant questions of foreign policy with the notable exception of those relating to Vilna.

The larger Eastern Locarno scheme still awaits realization, although certain recent moves involved the Baltic nations. Colonel Josef Beck, Polish Minister of Foreign Affairs, visited Tallinn on July 24 and Riga a few days later. About the same time the Polish Counselor of Embassy in Paris, M. Muhlstein, visited Kaunas and was received by the Lithuanian Foreign Minister. On July 30 Estonian and Latvian representatives in Moscow handed identic formal declarations to Maxim Litvinov, Soviet Commissar for Foreign Affairs, declaring that their governments favored the idea of a regional pact for mutual assistance in Eastern Europe.

Since the establishment of an effective Baltic bloc or an Eastern Locarno depends to no small degree upon a settlement of the Vilna question, M. Muhlstein's visit to Kaunas was regarded as of great importance. M. Muhlstein, however, was not the first

Polish official to appear in the Lithuanian capital in recent months. The tension between the two countries has lessened appreciably, and there have been discussions regarding direct postal, telegraphic and traffic communications across the border, closed since 1920. During the Summer a group of Lithuanian journalists toured Poland as guests of the Warsaw government and brought back the impression that the Polish people were eager for a settlement of the Vilna dispute. In the near future, therefore, the traveler who wishes to go from Kaunas to Vilna, a distance of forty miles, will probably no longer be forced to choose between paying about \$35 for a special visa or making a roundabout journey of 450 miles via Riga.

FINLAND'S TRADE RELATIONS

Finland's new commercial agreement with Germany, signed last March, was during August near breakdown. German exporters demanded payment in non-German currencies

rather than in reichsmarks, and Finnish exporters found themselves unable to exchange their increasing reichsmark holdings. Negotiations for a settlement of the question were immediately begun, but no results had been reported at this writing.

Loss of the German market would be less of a blow to Finland today than some years ago. Commercial relations with France have improved as a result of the visit to Helsinki late in June of a French economic mission. A new tariff agreement with Poland by which it is hoped to increase Finnish exports was concluded in July. Continued friendly commercial relations with Great Britain have borne fruit in a contract recently signed by the Finnish Government and a British mining firm. Certain State-owned nickel deposits in the Petsamo district were turned over for exploitation to the British company, which thereupon agreed to invest a specified amount of capital and to pay the State a fixed royalty on the metal extracted.

The Russian Debt Barrier

By EDGAR S. FURNISS

Dean of the Graduate School, Yale University

THE debt issue has of late become the dominant factor in American-Soviet relations. This issue was left in abeyance by the conferences which preceded recognition, although both governments acknowledged that settlement was indispensable. Immediately after diplomatic relations were established the American Government presented the Soviet Union with a written proposal which was intended as a basis for settlement. For six

months thereafter the Soviet Foreign Office carried on desultory discussions with the American Embassy in Moscow but no progress was made, even on general principles.

Then, on July 21, it was announced from Washington that the negotiations would be transferred to the United States so that further attempts at settlement might be carried on by direct discussion between Ambassador Troyanovsky and Secretary Hull. The

weeks that followed were occupied with active negotiation but the proposals and counter-proposals brought forward by the two governments indicated so wide a divergence of views that no real headway was made. In fact, the State Department announced on Aug. 24 that "it is not possible to be optimistic that any agreement will be reached," and, although Ambassador Troyanovsky refused to subscribe to this gloomy view, it was known that negotiations were at least temporarily at a stalemate.

The obstacles to settlement consist in part of a fundamental clash of principle, in part of a difference of opinion on the meaning of oral engagements made last Fall. The Soviet Government denies any moral or legal obligation with respect to the debt. That part of the total amount—some \$187,000,000—which represents a loan by this country to the Kerensky régime is covered in the opinion of the Soviet authorities by the general formula denying the validity of pre-revolutionary obligations of the Russian State. The balance of the \$600,000,000 is made up of a number of private claims against the Soviet Government for property rights wiped out in the revolution. The validity of these claims cannot be admitted without undermining the moral basis of all Communist expropriation.

Any concession to the United States on these two types of obligation would involve the Soviet Union in a multitude of difficulties with other countries whose governments and nationals hold the same sort of claims. But it is not fear of these practical consequences so much as loyalty to principles enunciated by Lenin and subscribed to by all the successive leaders that makes the Soviet Union so unyielding in its refusal to concede the inherent justice of the debts. With

the United States, on the other hand, it has been equally a matter of principle to establish the validity of these obligations, though President Roosevelt did not place the matter on this ground in his statement to Commissar Litvinov last Fall, but stressed rather the practical importance of a settlement in developing cordial relations. Nevertheless the proposals made by our government have implied that the Soviet Union would make concessions. This clash of principle therefore requires some sort of settlement that will make the existing debt appear an entirely new obligation voluntarily assumed as part of a present or future transaction profitable to the Soviet Union.

The Soviet authorities for some years past have offered a formula for this purpose, namely an undertaking to pay excess interest charges in connection with future trade contracts, these excess payments to accumulate until their amount is sufficient to discharge the total of the old debt as determined by agreement. This is the position taken by the Soviet government in the present negotiations. But it presents two distinct problems for settlement: first, the determination of the amount of the debt by balancing the claims and counter-claims of the two governments; secondly, the creation of American credit in favor of the Soviet Union, large and long enough to meet the needs of the case. It is on the second of these points that misunderstanding has arisen.

Apparently the Soviet authorities understood that the United States would either establish credits through its own agencies or else would guarantee the extension of such credit by American banks. Our government, on the other hand, maintains that, while this general process of payment is acceptable, no direct responsibility

has been undertaken with regard to the creation of necessary credit. This seems a small difference of opinion, but it goes to the root of the matter. The American position would require the Soviet government to acknowledge in advance a debt of definite amount while leaving in doubt whether credits could be arranged to discharge the obligation.

Such a view conflicts not only with the principle on which the Soviet attitude toward the debt is based but would involve the Union in formidable practical difficulties. For, in the absence of assured long-term credits Russia cannot pay any substantial amounts on past account without undermining her current import trade in materials required for her domestic program. The present impasse may have developed in part over failure to fix upon a figure for the debt as a whole—upon this point information is not forthcoming from Washington.

The debt problem is of public interest today chiefly as it bears on the question whether the United States has derived any benefit from recognition. The only substantial gain promised by the protagonists of recognition was an increase of exports to Russia. But it is a matter of record that Soviet purchases in America have dwindled to an insignificant amount, averaging now not more than \$1,000,000 monthly. This is less than 5 per cent of the amount predicted by the more optimistic advocates of recognition and only about one-tenth of the volume of business during the peak year 1930 when we were officially on bad terms with the Soviet government. The disappointing outcome is now attributed by many commentators to the failure to settle the debt problem; and it is predicted that once this obstacle is removed the earlier expectations of a flourishing trade will be realized.

But there is little support for this contention. Not only have Soviet purchases in all foreign markets been falling sharply, but the bases of Soviet trade have changed materially since four years ago, the boom period, which is still offered as a measure of the potentialities of Russian trade. During the three years 1930-1932 Soviet imports averaged close to 1,000,000,000 rubles annually as a result of the pressing demands of the industrialization program. Continued unfavorable trade balances during this period reached a total of about 450,000,000 rubles, while foreign indebtedness arising from other sources increased the current obligations of the Soviet Union to a much larger figure. When these obligations matured for the most part last year the Union was placed in a very critical financial condition. Default was avoided only by a drastic curtailment of imports, which produced a favorable trade balance, and by increasing the output of gold for export.

The decline of imports which set in at this time has continued, partly because the Soviet Union is still under the necessity of meeting maturing foreign credits by means of an export balance, but partly, too, because the progress of the Five-Year Plan has reduced the country's need for foreign supplies of capital equipment. Trade with Russia has thus ceased to be a series of transactions with a necessitous and eager buyer. Governmental policy and the economic condition of the country combine to give the Soviet Union a different status as a market from that obtaining a few years ago.

Experiences during the first years of the Five-Year Plan explain the insistence of the Soviet authorities upon long-term credits as a prerequisite for trade. If the difficulties encountered

last year are to be avoided in the future, Soviet purchases in foreign markets must not give rise to a mass of current indebtedness. Whatever impulse the Soviet government may have to reach a settlement of the debt question is derived from a desire to place the country in a position to exploit American credit facilities. The Johnson Bill prohibiting loans to defaulting nations has been interpreted as applying to the Soviet Union. In this situation, settlement of the debt problem is indispensable to a revival of our Russian trade. But even without this obstacle it is by no means certain that our government or our banks would provide the four or five year credits which the Soviet trading agencies demand. These factors—the declining demand of the Soviet Union for foreign goods and the extreme difficulty of financing Soviet trade—must be taken into account in any attempt to appraise the economic importance to ourselves of American recognition of the Soviet Union.

SOVIET FOREIGN RELATIONS

Soviet foreign relations at the present moment have improved in all sectors except the Far East. The trend of European diplomacy has isolated and weakened Germany so much that Russia need no longer view that country as a menace to her peace. In recent months the Soviet government continued to invite Germany to reconsider her refusal to join the Eastern Locarno, seizing upon Hitler's repeated professions of peace to bring forward again the proposal that the two countries join in a pact of neutrality and mutual assistance.

Certain events of the past few weeks have emphasized the growing cordiality of Soviet relations with other European nations. The cere-

monies attending the arrival of the first Soviet Ambassador to Czechoslovakia on July 19 were significant as marking the end of diplomatic conflicts between the Union and the Little Entente, and testifying to the growing friendship of France. Of the Little Entente, Yugoslavia alone remains outside the Soviet peace system, but negotiations now under way indicate that Yugoslavia will presently follow the lead of Rumania and Czechoslovakia in recognizing the Union.

The Soviet Union has reason to be gratified also by its efforts to draw its immediate neighbors—Estonia, Latvia, Lithuania and Poland—into alliance under the terms of the proposed Eastern Locarno pact. Thus far the proposal has encountered an apparently insuperable obstacle in the bitter hostility between Poland and Lithuania. But within the past month both the Estonian Foreign Minister and the Latvian Ambassador in Moscow have declared in favor of the Soviet program.

Lithuania in a memorandum addressed to Paris stated her willingness to sign the pact with certain reservations touching the ultimate disposition of former Lithuanian territory now held by Poland. And the current comment in Poland is less antagonistic than formerly. In this development may be seen the influence of the European powers, especially Great Britain and France. It is known that Britain has brought pressure to bear on Estonia and Latvia to assist the Soviet Union in bringing about the pact; and that France has made similar representations in Warsaw. The trend of affairs in Nazi Germany, of course, has tended to strengthen the Soviet Union in this as in other aspects of its diplomatic program.

Palestine in Leading Strings

By ROBERT L. BAKER

IN the British mandate for Palestine, which became effective on Sept. 23, 1923, Great Britain was made responsible for "the development of self-governing institutions." Other obligations were, of course, imposed, such as that of fostering the establishment of a Jewish national home and the safeguarding of the rights, civil and religious, of all the inhabitants of Palestine. But certainly a chief purpose of the mandate system in the liberated parts of the Ottoman Empire was tutelage toward independence. What has Great Britain accomplished in this direction in Palestine during the past eleven years? The answer is—practically nothing.

Although the British administration is far more intelligent and benevolent than the Turkish was, in some respects it is even more authoritarian. Not even the semblance of a legislature for the whole country is yet in sight. The gap between the Arabs and the Jews is greater than it was at the beginning, and, with individual exceptions, the two communities are not at all inclined to sacrifice any of their own interests for the sake of compromise. The Jews have indeed been allowed a certain degree of self-government in internal affairs, but with such safeguards for dissenters that the Jewish National Council is unable to maintain discipline over the whole Jewish community, and so too with the Moslem Supreme Council and the Arab Executive. On both sides are factional strife and apparently increasing bitterness toward the British.

In 1923 an effort was made to establish a Legislative Council, as provided for in the Constitution of Sept. 1, 1922, but it failed, chiefly because a majority of the Arabs boycotted the necessary elections. Even the Advisory Council, which at first contained official and non-official members in equal numbers, has become a strictly official body because the Arab leaders refuse to cooperate.

Great Britain seems to be about to attempt again to set up a Legislative Council. On Nov. 23, 1933, soon after the disorders of last year, Sir Philip Cunliffe-Lister, the British Colonial Secretary, announced in the House of Commons that such a council would be established, but that there was no intention to set up an independent régime, since the authority of "the British Government, the British Parliament and the High Commissioner to carry out the mandate policy will remain strictly and completely unimpaired." The purpose of the council would be to give the various sections of opinion the opportunity for expression in a representative assembly. More recently, Sir Arthur Wauchope, the High Commissioner, proposed the establishment of a council based on proportional representation, and a report from London indicates that a definite decision had been made in this respect.

Such a council represents, of course, not self-government but self-expression on the part of Jews and Arabs, and neither have been backward in stating their views. While any elec-

tive body appears at the outset to be a step in the right direction, experience in Palestine has shown that the representatives feel committed not to reasonable deliberation, but to the strongest possible defense of their community interests. With feeling so tense over the question of Jewish immigration, the proposed council would probably be nothing more than an arena for fierce and uncompromising attacks on British policy.

Even if the usefulness of a Legislative Council at present appears doubtful, its creation would in any event encounter serious obstacles. The Jews, themselves of a divided mind about the development of the mandate, can scarcely be enthusiastic about a council in which the Arabs will outnumber them by 4 to 1. The Arabs, having never recognized the Balfour Declaration pledging Great Britain to the establishment of a Jewish national home or the mandate involving that pledge, may once more refuse to cooperate lest that would imply recognition of Jewish political rights in Palestine.

TURKEY SEEKS LEAGUE HONORS

Although Turkey has been a member of the League of Nations for only a little more than two years, she announced her candidacy for a non-permanent seat on the Council on Sept. 5. Three non-permanent seats, now held by China, Panama and Spain, were to be filled by election when the next Assembly convened and China and Spain were reported to be seeking re-election. Persia was the first country to apply for election but was said to be willing to withdraw in Turkey's favor.

Kemal Husnu Bey, the Turkish envoy to the League, said that Turkey regarded herself as a European power, but would be a candidate for

China's seat on the basis of the Assembly's practice of awarding Council honors according to continents. To be elected Turkey needed only a favorable majority, whereas China required a two-thirds majority to retain her seat.

One of Turkey's avowed objectives in foreign policy is the revision of the Straits Convention so as to permit her to refortify the Dardanelles. A seat in the League Council would give her more influence in seeking that end. Her Foreign Minister, Tewfik Rushdi Bey, has recently soft-pedaled that ambition, but he has asserted that Turkey is able and ready at any moment to defend any part of her territory. She could certainly close the Dardanelles within a few hours by means of mines, if necessity demanded, and a system of strategic railroads and highways recently built or acquired by the Turkish Government would make it possible to bring up heavy guns within a short time. Moreover, a gendarmerie out of all proportion to the requirements for maintaining law and order is kept in the demilitarized regions. But pride and a desire for security demand formal authority to refortify the Straits.

The Anglo-Turkish inquiry into the killing of a British naval officer by a Turkish coast patrol on July 14 (see September *CURRENT HISTORY*, page 761) was formally abandoned by the British Government on July 21. A Turkish destroyer participated with British warships in the funeral ceremonies on the scene of the incident on July 22.

Turkey's new law ousting aliens from the professions and small trades is being put into effect according to schedule. It was estimated that during July and August 2,000 Greeks, or about 15 per cent of that nationality residing in Istanbul, were expelled.

The Greek Government meanwhile took steps to find homes and work for the newcomers. More serious is the plight of the colony of "White" Russians in Istanbul, numbering about 2,000. Since they fled from Bolshevik Russia some fourteen years ago they have enjoyed the sympathy of the Turks and hoped that they would not be affected by the new law. In mid-August, however, Ankara announced that it applied to them as to other aliens, and they do not know where to turn.

EGYPTIAN NATIONALISM

Nahas Pasha, the leader of the Wafd, or Nationalist party in Egypt, from time to time tours the provinces in an effort to stimulate the work of his party committees. In spite of all precautions on the part of the police, these junkets are invariably accompanied by disorders and frequently by bloodshed.

A trip of this kind was made by Nahas during the last week of July. It was apparently timed so as to impress the strength of the Wafd upon Sir Miles Lampson, the new High Commissioner, on the eve of his departure on vacation to England. In Egypt it is generally believed that the High Commissioner will return in the Fall with matured plans and full authority to make drastic changes in the administration of the country. The Wafd, in particular, hopes that Great Britain will abandon its neutral attitude toward Egyptian politics and return to its former policy of cultivating truly democratic institutions. The party could then hope for "free" elections and a majority in Parliament, instead of its present ineffectual policy of non-cooperation with the thinly disguised dictatorship of King Fuad.

Although Nahas Pasha agreed to follow the itinerary prescribed by the

police, he deviated from it, and forbidden demonstrations took place at Port Said and Ismailia, where the police fired into the crowds and wounded a number of Wafd supporters. Minor disorders occurred at other points along the route. The enthusiasm with which Nahas was greeted indicates that the old Zaghlulist traditions are still strong among the Egyptian fellaheen. And because of his personality, courage and honesty, Nahas remains a powerful factor in Egyptian politics. He is, however, uncompromising in his view that the Wafd alone can save Egypt, refuses to cooperate with other sections of the Opposition, and for these reasons maintains with difficulty his hold on the milder element in his party.

MOSUL OIL REACHES EUROPE

Oil from the rich Mesopotamian deposits at Mosul was pumped through the new 600-mile pipe line to Tripoli in Syria for the first time on July 14, and on Aug. 14 the French tanker Desprez reached Havre with 14,584 tons of the crude product. It is expected that Haifa, the terminus of the British branch of the pipe line, will receive its first oil within a short time.

The French, and particularly French military and naval circles, regarded the arrival of the Desprez and its cargo as far more important than the amount of oil would seem to justify. But this shipment was seen as the first step toward freeing France from its present dependence on foreign oil. French interest in the Iraq Petroleum Company, which holds the Mosul concession on a seventy-five-year lease from the Iraq Government, amounts to 23¾ per cent. One branch of the pipe line from the oil field across the desert to the Mediterranean debouches in Syria, which is under a French mandate.

Japan's "Duck" Policy in China

By GROVER CLARK

JAPAN, according to Kenichi Yoshizawa, former Japanese Minister to China, is following a "duck" policy in her dealings with China. This policy he explained by describing the movement of a duck on the water: on the surface all is quiet, but underneath there is great activity. The "duck" policy apparently was invoked in the drafting of the new Chinese tariff schedules which became effective on July 3. Rates on goods imported chiefly from the West, such as machinery, building materials and raw cotton, were raised appreciably, but those on cotton goods, paper and sea foods of the kind exported by Japan were reduced.

In China a storm of protest arose because of the pro-Japanese character of the tariff. The Shanghai General Chamber of Commerce, the Chinese Industrial Association, the Cotton Mills Association, the Silk Printing Association, the Native Goods Manufacturers Association and many other organizations spoke emphatically on the subject. So did many leading newspapers. Spokesmen for the government tried to still all criticism by saying that the reductions would not handicap Chinese industry and that even the rates that had been raised were still comparatively low. The protests continued, however, and became so troublesome that Chiang Kai-shek took it upon himself—though in doing so he exceeded the technical limits of his authority in the government—to issue an order that newspapers and other publications cease criticizing the

new tariff and publishing reports of criticism by "ignorant merchants."

The Japanese newspapers contended that the tariff was not as advantageous to Japan as it might be or as Japan had requested, but that it did indicate China's readiness to mitigate the anti-Japanese character of the previous tariff. Japanese merchants, however, gave proof of the true nature of the new rates by shipping such large quantities of goods to China that all the available vessels were overcrowded and the steamship companies were forced to expand their service.

Obviously, the Nanking government can not admit that the new tariff resulted from Japanese pressure. Chinese observers noted that an unusually large number of Japanese warships were in the neighborhood of Tientsin during May and June and that the Japanese considerably increased their air fleet in the regions close to the Great Wall.

Meanwhile, the opinion seemed to be gaining ground in China that the Nanking government was moving toward formal acceptance of the situation in Manchuria and further compliance with Japan's wishes in other respects. For proof one can point to the North China truce of May, 1933, the agreement to resume traffic on the Peiping-Mukden Railway this year (an agreement, incidentally, which went into effect on July 1, the day of the promulgation of the new tariff), the discussion of reviving the Chinese-Japanese Anfu-controlled Exchange Bank of China at

Tientsin to handle a readjustment of the old Nishihara loans, and, most recently, the semi-official suggestion from Tokyo that Japan would consider financing the construction of three new railways in North China.

On the other hand, evidence of dissatisfaction with this attitude at Nanking was increasing. For example, Huang Fu, the Nanking-nominated head of affairs in North China, has resigned and has refused to withdraw his resignation despite earnest requests from Chiang Kai-shek and others. W. W. Yen, Ambassador to Russia, who emerged unwillingly from retirement to help fight China's battle at Geneva, has been living quietly in Tientsin since February, officially recuperating his health. Wellington Koo, Minister to France and another vigorous opponent of Japan at Geneva, has also returned to China, avowedly to attend to personal affairs. Wang Chung-hui, one of the judges of the World Court, returned on the same ship as Dr. Koo. Both these men seized an early opportunity to say emphatically that in the present crisis China must stop seeking help from other countries and turn energetically to building up her own strength. All of which is being interpreted in the Chinese papers as indicating that these distinguished international spokesmen for China are distinctly out of sympathy with the Nanking government's attitude toward Japan.

Anti-Japanese feeling was emphatically expressed in a proclamation calling for a "holy war" against Japan, which was issued on Aug. 2 by a group which included Madame Sun Yat-sen and was signed, it is said, by some 3,000 Chinese, including some of the more prominent bankers. The war could be financed, it was proposed, by confiscating all Japanese enterprises in China—banks, railways,

mines, factories and so on, as well as by special taxes.

Chiang Kai-shek, meanwhile, continued to claim sweeping victories in his anti-Communist drive in the Central Yangtse region and in Szechwan. (See the article by Stuart Lillico on page 45.) Blockhouses have been built in the regions which the Nanking government troops have "conquered," and the peasants and workers have been promised that they will receive good treatment. The conquered areas, however, do not seem to stay conquered for any greater length of time than in the past three years, and a new Communist threat in Fukien Province caused a flurry at Foochow at the beginning of August.

China has been through an exceptionally bad Summer of drought and floods. An official government report, issued on Aug. 21, said that serious flood damage had occurred in 112 counties in thirteen Provinces, that drought had affected 343 counties in fourteen Provinces, and that locusts had ravaged 68 counties in 8 Provinces.

PLIGHT OF JAPAN'S FARMERS

Conditions among the Japanese farmers have grown rapidly worse, and rumblings of discontent have been heard. Industry and factory workers are fairly prosperous, but the farmers, who comprise 60 per cent of the population, are in most desperate straits.

Silk is the farmer's really important money crop. The annual production is about 100,000,000 kwan (one kwan equals 8.267 pounds), half in the Spring and half in the Autumn. Costs of production average about 3.25 yen per kwan. Since in 1927 and 1928 the market price for silk was about 11 yen per kwan, the farmers' income from this source was over

1,000,000,000 yen. But for the silk year July, 1932-June, 1933 prices were under 3 yen per kwan—less than the cost of production. For the silk year just ended the price was about 2.25 yen. On silk alone the farmers during the past year lost about 100,000,000 yen; and their cash income has been 875,000,000 yen less than it was in 1927-28.

In the face of this drop in silk cocoon prices, the cost of rice has risen. A large part of the farmers, however, have suffered rather than benefited from this increase because months ago they were compelled to dispose of their rice crops in order to get cash to pay bills.

The situation has become so bad that numerous delegations from many parts of the country have gone to Tokyo asking that a special session of the Diet be called to aid the farmers. The specific proposals are two: First, that in order to raise raw silk prices the government buy the large surplus stocks of cocoons which have accumulated; secondly, that the government distribute free, or sell at nominal prices, the large stocks of rice which have been acquired in recent years through price-stabilizing purchases. So far, the authorities at Tokyo have done nothing more than listen politely to the delegations.

Any action which really would get the Japanese farmers out of their difficulties would cost a great deal of money. Yet the plight of the farmers is driving them rapidly toward desperation, and if nothing is done to improve their lot, serious outbreaks may occur.

THE CHINESE EASTERN AGAIN

Ill feeling between Japan and the Soviet Union has been accentuated by the latest phase in the negotiations over the sale of the Chinese Eastern

Railway to Manchukuo. The establishment of Japanese hegemony over Manchukuo early convinced the Soviet authorities that it would be impossible for them to continue ownership and operation of the railway through alien territory. Accordingly, in June, 1930, the Union offered to sell the road for about \$125,000,000 in gold rubles. Manchukuo met this offer with a counter-proposal of less than one-tenth of that sum, and negotiations were suspended in August, 1933, in an atmosphere of bitter recrimination. In February another attempt was made to reach a settlement. At the end of ten weeks the Union had set a price of something less than \$47,000,000, and Manchukuo had offered about \$35,000,000. Japan now stepped in as mediator, only to take a flat-footed position in support of the Manchukuoan offer and then abruptly to terminate negotiations when the Soviet representatives refused to yield.

Throughout the negotiations the Russians have encountered increasing difficulty in operating the road. Attacks by brigands have resulted in the death of scores of Russian workers and the kidnapping of several hundred more; the tracks have been torn up and the telegraph wires cut again and again; trains have been wrecked, with the destruction of fifty locomotives and hundreds of freight and passenger cars. The arrest of over eighty Soviet citizens by the officials of Manchukuo has added to the list of grievances. The Soviet Government finds in these incidents a deliberate campaign on the part of Japan, and interprets Japan's abrupt ending of negotiations as evidence of her determination to seize the railroad.

The Soviet Union on Aug. 22 addressed a curt note to the Japanese Government bluntly accusing Japan of "aggressive intentions." The note

ended with the cryptic words: "The government of the Union of Socialist Soviet Republics expects that the Japanese Government will make all necessary inferences." The tone and language of this communication were of the kind only found in exchanges leading to the rupture of peace.

Reports early in September, however, indicated that negotiations would be resumed in Moscow. A Japanese note on Sept. 4, less bellicose than might have been anticipated in view of the Soviet note of Aug. 22, declared that the Russians arrested in Manchukuo were members of illegal societies which had been encouraging attacks upon the Chinese Eastern, that the train wrecks were not accidental but deliberately calculated to impede bandit suppression and that Japan had had no direct connection with the arrests, since they had been carried out by Manchukuo. The Japanese insisted that they were solely interested in restoring the normal operation of the road. Finally, it was pointed out that the Soviet press had been most provocative in its accounts of the controversy.

Japan certainly stands to profit much more than the Soviet Union by the transfer of full ownership of the line to Manchukuo. The Union would receive some money and goods by the terms of the latest offer, but would lose control of rail communication through North Manchuria to Vladivostok. Japan, on the other hand, would more easily wipe out the bandits in North Manchuria if the railway were in her hands, not necessarily because the Russians are fomenting banditry, but because with the Russians in control Japan must be careful about moving troops in the zone.

One therefore wonders whether Japan really wants to end the difficulties which continued Soviet control

of the railway creates. Present conditions provide an excuse for telling the Japanese people that the army and navy must be maintained and expanded not only because of the continuing trouble in Manchuria but also because of the danger of war.

TRADE IN THE FAR EAST

A British trade mission, sent by the Federation of British Industries, left London early in August. The plan, according to report, was to stop briefly in Japan and perhaps to send some members of the mission to the principal centres in China. The main purpose of the mission, however, was to study, if possible, British trade with Manchukuo. The announcement of this mission drew a formal protest from the Chinese Minister to London on the ground that it savored too much of a move toward recognition of Manchukuo. The British authorities replied that they could not interfere with the actions of a private body like the F. B. I.

The discussion of a new tariff agreement between the Philippines and the United States, or of a new Philippine tariff, which would give American goods preferential treatment, has led the Japanese authorities to move against a possible discrimination against Japanese goods. It was reported from Manila on Aug. 8 that the Japanese, backed by ample funds, were organizing a lobby and an elaborate propaganda campaign. On Aug. 16 Count A. Kimura, the Japanese Consul General at Manila, told the students of the University of the Philippines that the proposed tariff would injure the people of the islands and that there "probably would be serious effects" if it was adopted. On Aug. 31 the Japanese Government made informal representations on the subject to the American and Philippine Governments.